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<http://mops.twse.com.tw>

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<http://www.kycc.com.tw>

Kuo Yang Construction Co., Ltd.

2022 Annual Report

Print Date: April 20, 2023

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V. Name of Overseas Securities Exchanges Where the Company Listed the Stocks for Trading, and Method for Inquiry of Information on the Securities: Nil.

VI. Company Website: <http://www.kycc.com.tw>

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equity or stock prices set forth in Article 36, Paragraph 3,
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A. Letter to Shareholders

Dear Shareholders, Greetings.

Affected by inflation and the interest rate hikes in the global market in 2022, the stocks of all industry chains continued to correct and the economy became increasingly conservative and the monetary policy turned toward tightening, while central banks implemented more and more credit control policies. Tensions flared between the Taiwan Strait, and the approval of the amendments to the Equalization of Land Rights Act also contributed toward the decreased sales volume in the real estate market this year. Nevertheless, prices remained stable.

From a demand perspective, the prosperity of e-commerce in recent years prompted life insurance companies and retail and wholesale businesses to continue to invest in warehousing and logistics trading or leasing. In addition, companies experiencing operating growth (e.g., companies in semiconductor, electric vehicle, IoT, AI automated equipment, and new energy industries) have accelerated their plant expansions due to the continued growth momentum in these industries, thereby leading to strong demand for plants and offices and creating strong transaction volume in these products. Kuo Yang Construction has been actively purchasing land in industrial zones since 2020. Currently, we have the "Intercontinental Corporate Head Office" in Neihu which has begun construction, the "Kuo Yang Digital Technology Building" in Sanchong which is about to commence construction, and the "Xiwang Road Project" in Xizhi, "Zhongyi Project" in Tucheng, and "Zhonghe Project", which are all being planned. Our land inventory has cumulatively reached 16,000 pings, and we are about to launch highly appealing office building projects to build one-of-a-kind architectures that will bring even more profits to Kuo Yang.

On top of planning our industrial projects, we also continue to support the government's urban renewal and reconstruction of urban unsafe and old buildings. Besides the Kuo Yang Jilin Project - an urban renewal project already being developed, and the "Kaohsiung Special Trade Zone 3 (South base - north side)" urban renewal project and Xindian Baoyuan Project which have been planned, we are also working on multiple other urban renewal projects. We aspire to collaborate with land owners to achieve our missions to boost local industry developments, enhance urban functions, improve the quality of life, and beautify the urban landscape. Our goal is to become the best promoter of urban renewal.

To support the government's Net-zero Emissions 2050 (carbon neutrality) goal, Kuo Yang Construction has infused "sustainability" into the key strategies for our business development. We emphasize coexistence with the environment - ecology, health, energy conservation, waste reduction, and focus on creating green buildings, smart buildings, and "Wellness buildings". By implementing the concept of sustainability from our architectural planning, we can jointly work toward the vision of building sustainable cities and buildings of happiness.

The Company's 2022 Business Report and 2023 Business Plan are summarized below:

I. 2022 Business Report

(I) Business Plan Implementation Results

9 projects to be sold:

1. 7 projects to be sold

(1) Kuo Yan, Smile Era, The Green Place A, The Green Place B, The Green Place C, South Manor,, Good morning, Kuo Yang.

(2) Total : 162 units and 151 vehicles

(3) Sales Amount : NT\$2,233,440,000

2. 1 new project delivery

(1) Residential buildings: Kuo Yang Jilin (New Jilin Urban Renewal Project).

(2) Plants and offices: "Kuo Yang Intercontinental Corporate Head Office" (Neihu Jiuzong Section Project).

(II) Budget Implementation

The Company did not prepare a financial forecast for 2022 and therefore does not prepare an analysis report.

(III) Analysis of Financial Gains and Losses and Profitability

1. Financial Expenditures Unit: NT\$1,000

Item	2022	2021
Operating revenue	3,954,516	5,124,284
Operating costs	(3,169,639)	(3,762,094)
Operating profit	784,877	1,362,190
Operating expenses	(505,660)	(421,957)
Operating profit	279,217	940,233
Non-operating income and expenses	274,182	225,397
Pre-tax profit	553,399	1,165,630
Income tax expenses	(67,481)	(183,493)
Net profit of the term	485,918	982,137

2. Profitability

Item	2022	2021
Return on assets	2.99%	5.41%
Return on equity	5.15%	10.59%
<u>Pre-tax income to paid-in capital ratio</u>	14.56%	30.67%
Net profit margin	12.29%	19.17%
Earnings per share(NT\$)	1.28	2.58

(IV) Research and Development

1. Key development projects:
 - (1) Projects for which building permits have been obtained and are being constructed in 2022:
 - A. North:
 - (a) Residential buildings: Kuo Yang Jilin (New Jilin Urban Renewal Project).
 - (b) Plants and offices: "Kuo Yang Intercontinental Corporate Head Office" (Neihu Jiuzong Section Project).
 - B. South:
 - (a) Residential buildings: The Green World (The Green Place Phase D).
 - (2) Projects for which building permits are expected to be obtained in 2023:
 - A. North:
 - (a) Residential buildings: Xindian Baoyuan Urban Renewal, "Good morning, Kuo Yang Phase 2" in Keelung.
 - (b) Plants and offices: "Kuo Yang Digital Technology Building" (Zhongxing Section Project) and land on Jiangbei Section, Xizhi District, New Taipei City.
 - B. South:
 - (a) Residential buildings: Nong-16 Park Project in Kaohsiung.
 - (3) Projects being developed:
 - A. North:
 - (a) Residential buildings: Ren'ai Urban Renewal Project.
 - (b) Plants and offices: Urban renewal project in Zhongyi Section, Tucheng District, New Taipei City.
 - B. South:
 - (a) Residential buildings: Kaohsiung Special Trade Zone 3 (South base - north side) Urban Renewal Project.
2. In terms of land development:
 - (1) Confronted with factors unfavorable to the developing of the housing market, including changes in the economy, the government's "Healthy Housing Market" policy, interest hikes, the Central Bank's credit control policy, the passing of the third reading of "The Equalization of Land Rights Act", in terms of land developments going forward, the residential projects will be mostly focused on urban renewals and joint development projects.
 - (2) In response to the return of Taiwanese businesses and the global development of the supply chain, we actively developed factory and office land in industrial zones to satisfy market demand, create niche products, disperse the risk of product concentrations, and strengthen the Company's profitability.
 - (3) We engaged in the government's recruitment projects in the wealthiest districts, developed urban renewal projects adjacent to public transportations, and actively participated in the government's goal in urban renewal and the reconstruction of urban unsafe and old building.
 - (4) In addition to the joint construction in urban renewal projects and land development in industrial zones, we also activated existing assets by collaborating in urban renewal projects with our partners. For instance, The idle land on Minquan East Road and Jingmei District and more.

3. Building planning and design:

We adhered to the government's net-zero emissions by 2050 goal by upholding a philosophy of sustainable management. We integrated local environmental factors in planning and design, and accounted for factors including ventilation, energy conservation, water resources, green environment, and used power-efficient equipment along with smart sensor controls in order to build a more comfortable and sustainable living space. By striving to construct green buildings under the Kuo Yang brand, we also strengthen our brand awareness.

4. Engineering cost, progress, and quality:

- (1) Building information management system has been deployed to make construction management more robust.
- (2) We also actively researched and developed new construction methods including creating a more industrial interior space and using porcelain slabs in the stairwells. Besides reducing the engineering time, it also helps to reduce dust and waste.

5. Brand building and customer service:

- (1) Provide construction progress report to purchasing customers - Transparency in the construction progress and architectural method allows customers to understand engineering progress from the comfort of their homes, thereby recognizing Kuo Yang's thoughtfulness in construction.
- (2) Lifetime property health inspection - A professional management team is dedicated to caring for customers who purchased Kuo Yang projects.
- (3) Overall development of the community - Building community cohesion through community.
- (4) Deploying digital transformation - Establishing Home Go app, a community management platform to allow for instant communications and timely service.

6. Market research and development:

In the midst of a global economic slump and high inflation, Taiwan's Central Bank has cumulatively increased interest rates by 0.625% and implemented a number of credit control measures on the housing market. Moreover, the passing of the amendments to the Equalization of Land Rights Act has also made the residential housing market more conservative and speculative. The outlook of the overall real estate market will be bearish.

To summarize, Kuo Yang is opting for a diverse arrangement in land development, and except for industrial land at specific areas, we have turned to urban renewal or joint construction projects in terms of residential buildings. In addition, we are also focusing on the planning, construction method, and material use in individual construction projects to reduce waste generated during the construction process and increase circular recycling, thereby constructing (nearly) carbon neutral buildings that are more environmentally friendly. We also hope to maintain the Company's operating performance and to building a quality brand image by providing precise product positioning and well-rounded service quality.

II. 2023 Business Plan overview

Projects in the sales phase

1. Existing houses: Kuo Yan, The Green Place A, The Green Place B, The Green Place C, Smile Era, South Manor.
2. presale projects:
 - Residential buildings:** Kuo Yang Jilin, The Green World (The Green Place Phase D), Good morning, Kuo Yang Phase 2, Xindian Baoyuan Project, and Kaohsiung Nong 16 Project
 - Plants and offices:** Intercontinental Corporate Head Office (Neihu Jiuzong Section Project), Kuo Yang Digital Technology Building (Zhongxing Section Project), and Xizhi Wanxi Road Project

III. Future development strategy

- (I) The Company shall carefully monitor the development of cross-strait relations, carefully analyze the development trends of the industry, respond to market demand, and formulate overall development strategies and sustainability roadmaps for the Company with the aim of becoming the most trusted brand of the people. We shall grasp business opportunities at appropriate times to expand the Company on the international stage with the aim of becoming the best brand in the real estate and related industries.
- (II) The Company's affiliates focus on developing strategies for diversifying assets and operations. In addition to continuous development of real estate businesses, we also hope to build great houses for residents to start families and expand influence to create a healthy ecosystem and safe life experience for the public and bring more forms of happiness to the Taiwanese people. We also leveraged our successful experience in Hanshin Department Store, Grand Hi-Lai Hotel, and Hi-Lai Foods to evaluate investments in leisure hotels, tourism industry, shopping centers, and catering businesses. We seek to become a "comprehensive developer".

IV. Impact of the external competitive environment, regulatory environment, and overall business environment

- (I) Favorable factors:
 1. The reorganization of the global supply chain will increase the number of commercial real estate transactions of tech companies in Taiwan.
The market benefits from the return of Taiwanese businesses, the financing

provided by major electronics manufacturers, and the increase in companies' demand of high-tech services and products have increased the demand of the tech industry for acquiring commercial real estate. Industrial zones and technology and science parks, with their comprehensive infrastructures, remain popular market choices. Real estate acquisition by tech companies in Asia Pacific increased from US\$2 billion in 2016 to US\$9.7 billion in 2020. The companies invested a total of US\$34.5 billion in 5 years. Taiwan became the third most popular target of investment after Mainland China and South Korea, which also increased the demand for commercial office and industrial real estate in Taiwan. In terms of industrial property, besides continuing the market conditions from the US-China trade war, which prompted the continuous restructuring in the industry chain and for Taiwanese companies to relocate back to Taiwan, the recent interest rate hikes have also increased the cost of leases for enterprises, making property acquisition a more viable choice.

Household home purchases continue to increase in the six metropolitan areas. The Central Bank began implementing interest rate hikes since last March, and the approval of the third reading of the amendments to the Equalization of Land Rights Act led to a sharp decline in Taoyuan City and Taichung City, where the new property market was blooming. While buyers remained hopeful that property prices would decline, sellers remained hard-set on prices. The large pricing differences in the mindsets of the buyers and the sellers led to a stagnant market. Demand throughout the six major metropolitan areas remained low in Q1 2023.

The household home purchase ratio in Taipei City was 0.54% in Q1 of this year, hitting a five-year-low. The ratio of household home purchase ratio in New Taipei City dropped to 0.76% in the first quarter this year, a decrease of 0.3% compared to 2022. The household home purchase ratio in Taoyuan City in Q1 of this year was 0.93%, down approximately 0.4% from the same period in the previous year and represented the largest decline among the six major metropolitan areas. The household purchase ratio in Taichung City was 0.96%. Though this was the highest throughout the six major metropolitan areas, it does indicate a 0.29% decrease from last year. Moreover, as the buzz surrounding semiconductors resided in Tainan City and Kaohsiung City, their household purchase ratio this year was only 0.7%, having both dropped 0.2% from the same

period last year.

2. Record-high rent for commercial and office buildings in Taipei

Although the pandemic has, to a certain extent, postponed companies' decisions on relocation from leased properties since 2020, many office buildings in Taipei City have undergone reconstruction projects for dangerous and old buildings. The demolition of old buildings has also tightened the supply of available office area. Despite the completion of new commercial office buildings, most of them are used by the owners and the actual supply is limited. As a result, the rent for benchmark office buildings with optimal location and building conditions has continued to rise. According to the real-price registered rent disclosure, total rent of one unit in the Walsin Lihwa Building (Citibank Tower) in January this year reached approximately NT\$420,000, equivalent to NT\$3,837 per ping, which is a record high for the building. For Taipei 101, the rent has increased from less than NT\$3,000 per ping in 2013 to more than NT\$4,000 in 2020 based on 10 real-price registered rent transactions. From the current monthly rent of grade-A office buildings in Taipei City, the rent is at least NT\$3,500 to NT\$4,000 per ping. It is estimated that there will be a fresh batch of supply available in the market after 2023. Besides alleviating the tight market supply, it will also help to form local commercial clusters in areas including Nangang, Neihu, Beitou-Shilin Technology Park, Xinzhuang, and Banqiao and more.

(II) Unfavorable factors:

1. Effects of global interest rate hikes and inflation

As of March 2023, the Central Bank has increased the base interest rates for five times since March 2022. The cumulative interest rate hike has been 0.75%. The increased burden on mortgagors has translated to a significant drop in the number of transactions in the housing market. The continuing interest rate hikes this year will lead to a pre-2008 interest rate standard, leading buyers to become even more speculative or hopeful of price decreases. Nevertheless, inflation and the rise of commodity prices have kept new property prices at high levels. Alternatively, except for those under financial pressures, sellers of existing homes are also speculative or reluctant to sell. The lack of room for price cuts has kept down both prices and transaction volume in the property market.

2. Geopolitical risks

The geopolitical risks from the continuing US-China conflicts are continuing to

rise. From Taiwan, Japan, the Korean Peninsula, and even the entire Asia-Pacific will be difficult to walk away from the major impacts associated with these conflicts. Tensions continue to grow across the Taiwan Strait. Besides financial market performance, actual investments from foreign and domestic enterprises have also been affected.

3. Slow growth in the number of units transferred in sales

According to the latest data on building units transferred in sales in Taiwan in Q1 2023 as announced by the Ministry of the Interior, the cumulative number of units transferred in sales in February 2023 throughout the six major metropolitan areas was 18,817. The cumulative transaction volume from the first two months of 2023 was 28,430 units, down 28.3% from the same period last year and hitting an all-time low since 2017.

4. Executive Yuan decides on the amendment of the "Equalization of Land Rights Act"

The Executive Yuan passed the draft amendment to the "Equalization of Land Rights Act" 2022 december to deter speculation in real estate. The amendment restricts the contract replacement and transfer of pre-sale and resale of newly-built houses in principle and requires permissions for private legal entities to purchase houses. The administrative penalty for speculation has been increased significantly from the maximum amount of NT\$5 million to NT\$50 million. It also established a reward system for non-compliance reporting to increase the effectiveness of audits and deter real estate speculation in order to maintain order in market transaction and protect consumer rights and interests.

1.1. The draft amendment provides a clear definition of speculative behavior. Any person who spreads false information to influence the transaction price, creates the illusion of rapid sales by conspiring to make false transactions, uses illegal sales to influence the order of market transactions or monopolizes resales for profit, or takes other manipulative actions to influence the price or order of real estate transactions to engage in speculation is subject to a fine of NT\$1 million to NT\$50 million based on the number of transactions (units or transactions). Those who fail to rectify the errors within the prescribed deadline may be subject to consecutive penalties.

1.2. The buyer of a pre-sale house or a newly-built house cannot be

transferred to third parties other than the spouse, immediate family members, or relatives within the second degree of kinship, except under special conditions announced by the Ministry of the Interior. The real estate developer also may not agree or assist in the transfer or resale of the contract. Violators may receive a fine of NT\$500,000 to NT\$3,000,000 per unit.

- 1.3. The amendment creates a permission-based system for private entities to purchase house for residential use, and prohibits the transfer, assignment, or pre-registration of such properties within 5 years.

The Company has proposed several response measures for the recent fluctuations in the supply of raw materials across the world, increase in inflation, interest hike cycles, real estate transaction prices, and amendments of real estate policies to minimize the impact on development.

In response to changes in the industry caused by movements in the society, the Company has adopted a strategy of not competing on prices but to continue to consider how to increase the value of buildings to exceed consumer expectations and improve the overall value chain from "quantity satisfaction" to "quality satisfaction".

I wish to thank you for your support and guidance.
I wish you health and prosperity

Tzu-Kuan Lin, Chairman

B. Company Profile

I. Date of establishment: Established on June 2, 1972 with government authorization

II. Company history

Established on May 10, 1972 with a paid-in capital of NT\$1.2 million

Established on June 2, 1972 with government authorization

- | | |
|-------------------|---|
| March 1974 | Cash capital increase of NT\$14.8 million which increased the paid-in capital to NT\$16 million |
| September 1976 | Cash capital increase of NT\$24 million which increased the paid-in capital to NT\$40 million |
| July 1977 | Relocated to the Chang'an Business Building at on Section 2, Chang'an East Road, Taipei City |
| April 1978 | Cash capital increase of NT\$40 million which increased the paid-in capital to NT\$80 million |
| August 1978 | Cash capital increase of NT\$80 million which increased the paid-in capital to NT\$160 million |
| January 1979 | Cash capital increase of NT\$140 million which increased the paid-in capital to NT\$300 million |
| February 26, 1979 | Public offering of shares |
| November 14, 1979 | Listed on the Stock Exchange |
| May 1983 | Capital increase of NT\$9 million from capital surplus which increased the paid-in capital to NT\$309 million |
| January 1989 | Cash capital increase of NT\$309 million which increased the paid-in capital to NT\$618 million |
| January 1990 | Cash capital increase of NT\$507 million which increased the paid-in capital to NT\$1.125 billion |
| December 1991 | Capital increase of NT\$956.25 million from cash and capital surplus which increased the paid-in capital to NT\$2.08125 billion |
| April 1993 | Cash capital increase of NT\$1.5 billion which increased the paid-in capital to NT\$3.58125 billion |
| November 1995 | Relocated to 8F, No. 99, Section 1, Xincheng South Road, Taipei City |
| July 1996 | Cash capital increase of NT\$1.01875 billion which increased the paid-in capital to NT\$4.6 billion |
| March 1997 | Issuance of the first unsecured corporate bonds valued at NT\$1 billion. |

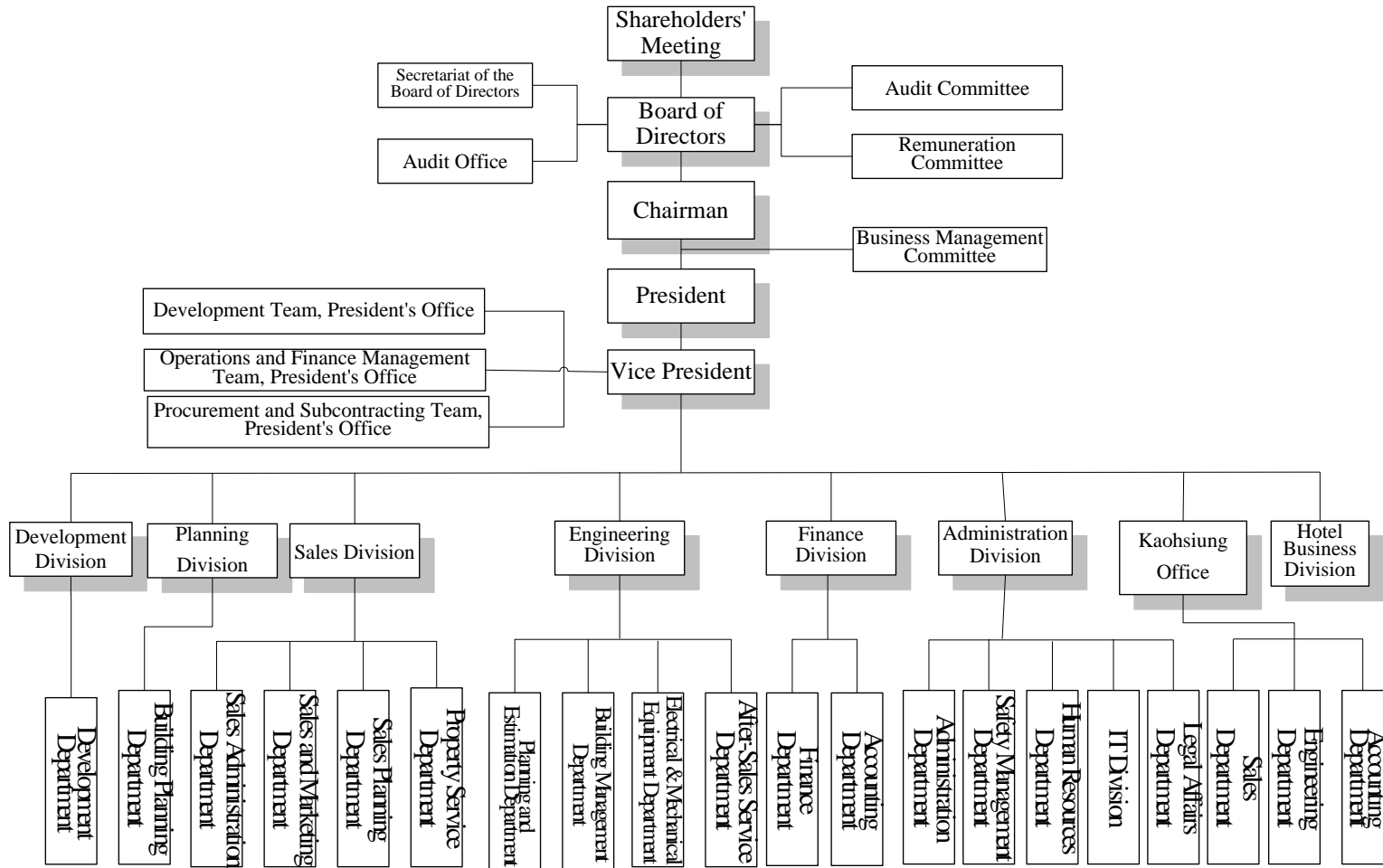
June 1997	Capital increase of NT\$1.0204 billion from earnings, capital surplus, and employee bonus which increased the paid-in capital to NT\$5.6204 billion
July 1997	Cash capital increase of NT\$1.3796 billion which increased the paid-in capital to NT\$7 billion
July 1997	Issuance of the first unsecured convertible corporate bonds valued at NT\$1 billion
March 1998	Converted corporate bonds (Kuo Yang A) into ordinary shares totaling NT\$33,071,610 which increased the paid-in capital to NT\$7,033,071,610
May 1998	Capital increase of NT\$3,758,599,980 from earnings, capital surplus, employee bonus, and conversion of corporate bonds (Kuo Yang B) into ordinary shares which increased the paid-in capital to NT\$10,791,671,590
August 1998	Converted corporate bonds (Kuo Yang C) into ordinary shares totaling NT\$11,082,820 which increased the paid-in capital to NT\$10,802,754,410
October 1999	Capital reduction of NT\$4,969,267,020 for the issuance of new shares which reduced the paid-in capital to NT\$5,833,487,390 after capital reduction
June 2002	Capital reduction of NT\$2,833,487,390 for the issuance of new shares which reduced the paid-in capital to NT\$3 billion after capital reduction.
June 2003	Cash capital increase of NT\$600 million through private placement which increased the paid-in capital to NT\$3.6 billion after the capital increase
November 2003	Cash capital increase of NT\$500 million through private placement which increased the paid-in capital to NT\$4.1 billion after the capital increase
December 2003	Cash capital increase of NT\$1 billion through private placement which increased the paid-in capital to NT\$5.1 billion after the capital increase
February 2004	Cash capital increase of NT\$450 million through private placement which increased the paid-in capital to NT\$5.55 billion after the capital increase
April 2004	Cash capital increase of NT\$160 million through private placement which increased the paid-in capital to NT\$5.71 billion after the capital increase

November 2004	Capital reduction of NT\$2.664 billion which reduced the paid-in capital to NT\$3.046 billion after capital reduction
April 2006	Cash capital increase of NT\$600 million through private placement which increased the paid-in capital to NT\$3.646 billion after the capital increase
June 2006	Cash capital increase of NT\$400 million through private placement which increased the paid-in capital to NT\$4.046 billion after the capital increase
December 2006	Cash capital increase of NT\$380 million through private placement which increased the paid-in capital to NT\$4.426 billion after the capital increase
October 2010	Launched Kuo Yan in Kaohsiung and won the 18th Chinese Architectural Golden Stone Award and the Golden Stone First Prize in the Super High Residential Building Category in Kaohsiung and Pingtung in 2010
September 2011	Launched Good Morning, Kuo Yang and received the Golden Stone Award in the Excellent Planning and Design Category
May 2012	Issuance of the first domestic secured convertible corporate bonds valued at NT\$900 million
September 2012	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$25,849,500 which increased the paid-in capital to NT\$4,451,849,500
December 2012	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$11,001,690 which increased the paid-in capital to NT\$4,462,851,190
2012	The Company received the Chinese Architectural Golden Stone Award in the Excellent Construction Quality Category for "Kuo Yang Tianmu", Golden Stone Award in the Excellent Planning and Design Category for "Sky Garden", and Golden Stone Award in the Excellent Brand Company Category
2013	Kuo Yang Tianmu received the highest honor in the 2013 Taiwan Real Estate Excellence Awards in the "Best Urban Renewal Category for Excellent Reconstruction and Renewal Project"
March 2013	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$36,940,890 which increased the paid-in capital to NT\$4,499,792,080
June 2013	Converted corporate bonds (Kuo Yang II) into ordinary shares

	totaling NT\$56,350,410 which increased the paid-in capital to NT\$4,556,142,490
September 2013	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$22,987,360 and converted earnings to capital increase of NT\$449,979,210 which increased the paid-in capital to NT\$5,029,109,060
	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$4,027,460 which increased the paid-in capital to NT\$5,033,136,520 in December 2013
March 2014	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$2,455,760 which increased the paid-in capital to NT\$5,035,592,280
May 2015	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT\$730,232,510 which increased the paid-in capital to NT\$5,765,824,790
September 2018	Cash capital increase of NT\$1.2 billion which increased the paid-in capital to NT\$6,965,824,790
February 2019	Relocated to the United Daily News Office Building at 18F, No. 555, Section 4, Zhongxiao East Road, Taipei City
November 2020	Cash capital reduction of NT\$3,165,824,790 which decreased the paid-in capital to NT\$3.8 billion

C. Corporate Governance Report

I. Organization System



Passed by the Board of Directors on October 23, 2017

Business operations of key departments:

Department	Business Overview
President's Office	(I) Business management, operation analysis, market research, and product planning. (II) Procurement and subcontracting.
Development Division	(I) Development of diverse projects. (II) Land survey and integration, investment assessment, property rights, and market research. (III) Negotiation, preparation, and determination of partnerships and transaction terms, and contract signing. (IV) Development management, budget implementation, and administrative tasks. (V) Tracking, analysis, and filing of development benefits.
Sales Division	(I) Market research analysis. (II) Sales and marketing tasks. (III) Sales planning. (IV) Sales and administrative operations. (V) Property management services. (VI) Customer sales services.
Planning Division	(I) Product positioning, design, and planning. (II) Application for building licenses. (III) Recommendations for the use of materials. (IV) Design of indoor areas, landscaping, and lighting.
Engineering Division	(I) Construction planning. (II) Estimates for construction projects. (III) Recommendations for mechanical and electrical equipment and construction supervision for construction projects. (IV) Construction management, estimation, and supervision of construction projects.
Finance Division	(I) Finance operations, cashier, and bill control. (II) Debt management for bank loans. (III) Preparation of funding and budget. (IV) Financial and accounting affairs. (V) Control of project budgets. (VI) Design and execution of tax plans. (VII) Planning and execution of annual accounts.
Administration Division	(I) Administrative tasks for shareholder services stock and general affairs. (II) Management of the receipt and issuance of documents and management of company licenses and property ownership certificates. (III) Supervision of the printing of company documents. (IV) Employee appointment, dismissal, and training. (V) Human resource planning. (VI) Planning and configuration of the Company's IT platform. (VII) Management and maintenance of IT equipment. (VIII) Information collection and training. (IX) Legal advice for contracts and documents of the Company. (X) Appointment, communication, and tracking of legal cases. (XI) Safety of the Company's work environment. (XII) Safety plans for the Company's employees.
Kaohsiung Office	(I) Land development in Kaohsiung. (II) Operations, administration, and construction supervision for construction projects in Kaohsiung. (III) Market research analysis for construction projects in Kaohsiung.

II. Information on Directors, President, Vice Presidents, Assistant Vice Presidents, and heads of departments and subsidiaries

(I) Information on Directors(A) March 31, 2021

Title	Nationality or place of registration	Name	Gender	Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
								Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Chi Chan Industries Co., Ltd.			2020.06.10	Three years	2008.06.13	1,281,126	0.18%	698,880	0.18%	-	-	None	None	-	-	-	-	-	

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman Institutional shareholder representative	Republic of China	Tzu-Kuan Lin- Institutional shareholder representative of Chi Chan Industries	Male 61~70	2020.06.10	Three years	2008.06.13	0	0.00%	0	0.00%	0	0.00%	None	None	Legal representative of Grand Hi-Lai Hotel Management Consulting Co., Ltd. President, Top Plaza Hotel, Kaohsiung President, Spring City Resort, Taipei (Chinese Culture University)	President, Grand Hi-Lai Hotel Business Group Director, Hanshin Shopping Plaza Co., Ltd. Director, Hanshin Department Store Co., Ltd. Director, Kaohsiung Arena Development Corporation Chairman, Shang Yang International Asset Management Co., Ltd. Chairman, Shen Yang Construction Co., Ltd. Chairman, Che Yang Agricultural Technology Co., Ltd. Chairman, Chi Yang Construction Co., Ltd. Chairman, Pu Li Management Consulting Co., Ltd. Chairman, Star Era International Co., Ltd. Director, Sweet Me Hot Spring Resort Co., Ltd. Director, SE Security Corp.	None	None	None	None

Director Institutional shareholder representative	Republic of China	Chia-Chi Hou- Institutional shareholder representative of Chi Chan Industries	Female 31~40	2020.06.10	Three years	2020.06.10	1,807,833	0.26%	986,209	0.26%	0	0.00%	None	None	Medical Research Assistant, Johns Hopkins University Senior Scientist, Pfizer Inc. (BS in Applied Mathematics and Chemical Engineering, Johns Hopkins University) (Master/PhD in Department of Bioengineering, Stanford University) (Master in Applied Computation, Harvard University)	Director, Hanshin Asset Management Co., Ltd. Director, Kaohsiung Arena Development Corporation Chairman, Han Yang Global Co., Ltd. Director, Jollify4ever Ltd. Chairman, HCW Investment Co., Ltd. Chairman, Ascent Development Co., Ltd. Chairman, Hanshin Shopping Plaza Co., Ltd. Chairman, Hanshin Department Store Co., Ltd. Vice Chairman and Director, Grand Hi-Lai Hotel Co., Ltd. Director, Han Shen Investment Co., Ltd. Director, Star Era International Co., Ltd. Chairman, Lien Chung International Asset Management Co., Ltd. Chairman, Chi Chia Industries Co., Ltd. Chairman, Cho Chia Co., Ltd. Chairman, Chung Shen Development Co., Ltd. Chairman, Chi Yang Construction Co., Ltd. Chairman, Hsueh Yung Co., Ltd. Chairman, Chi Chia Industries Co., Ltd. Director, Verisik Inc. Chairman, Aquas Sports and Culture Co., Ltd.	None	None	None	None
Director	Republic of China	Cheng Chi Co., Ltd.		2020.06.10	Three years	2000.04.24	42,389,920	6.09%	23,124,570	6.09%	-	-	None	None	-	-	-	-		

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director Institutional shareholder representative	Republic of China	Jer-Shyong Tsai Institutional shareholder representative of Cheng Chi	Male 71~80	2020.06.10	Three years	2014.10.29	0	0.00%	0	0.00%	0	0.00%	None	None	Chairman, The Bankers Association of the Republic of China Director, Central Bank Executive Director, General Chamber of Commerce of the Republic of China Director, Taiwan Stock Exchange Corporation Chairman, Taiwan Financial Holdings Chairman, Bank of Taiwan Chairman, Land Bank of Taiwan President, First Bank (Department of International Business, National Chengchi University)	Chairman, Hanshin Asset Management Co., Ltd. Chairman, Han Shen Investment Co., Ltd. Director, Hanshin Shopping Plaza Co., Ltd. Director, Hanshin Department Store Co., Ltd. Director, Huang Hsiang Construction Corporation	None	None	None	None
Director Institutional shareholder representative	Republic of China	Chien-Pung Ruan- Institutional shareholder representative of Cheng Chi	Male 71~80	2020.06.10	Three years	2014.06.23	0	0.00%	0	0.00%	21,820	0.01%	None	None	Chairman, Lending Committee, The Bankers Association of the Republic of China Vice President and Chief Auditor, Land Bank of Taiwan Director, Mega Bills Finance Director, Agricultural Credit Guarantee Fund (Department of Land Economics, National Chengchi University)	Chairman, Kaohsiung Arena Development Corporation Director, Hanshin Asset Management Co., Ltd. Independent Director, Chialin Precision Industrial Co., Ltd. Director, Han Shen Investment Co., Ltd. Director, SE Security Corp.	None	None	None	None
Director Institutional shareholder representative	Republic of China	Tung-Ming Su- Institutional shareholder representative of Cheng Chi	Male 71~80	2020.06.10	Three years	2011.06.22	12,100	0.00%	0	0.00%	0	0.00%	None	None	Assistant Manager, Lai Lai Hotel, Taipei (National Open University)	Chairman, Grand Hi-Lai International Property Management Consulting Co., Ltd. Chairman, Grand Hi-Lai Hotel Management Consulting Co., Ltd. Vice President, Grand Hi-Lai Hotel Co., Ltd.	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Pai Ti Development Co., Ltd.		2020.06.10	Three years	2008.06.13	8,071,097	1.16%	4,402,948	1.16%	-	-	None	None	-	-	-	-	-	
Director Institutional shareholder representative	Republic of China	Pei-Kui Su Institutional shareholder representative of Pai Ti Development	Male 51-60	2020.06.10	Three years	2017.06.08	0	0.00%	0	0.00%	0	0.00%	None	None	Uni-President Enterprises Corp. (Department of Finance, National Sun Yat-sen University)	Hanshin Department Store Co., Ltd. Assistant Vice President, Business Management Department	None	None	None	None
Independent Director	Republic of China	Li-Yen Yang	Male 61-70	2020.06.10	Three years	2020.06.10	0	0.00%	0	0.00%	0	0.00%	None	None	Manager, South Africa Branch, Bank of Taiwan Manager, Los Angeles Branch, Bank of Taiwan Manager, International Department, Bank of Taiwan Vice President, Bank of Taiwan Managing Director and President, Hua Nan Bank Director and President, Mega Financial Holdings Managing Director and President, Mega International Commercial Bank Chairman, R.O.C. Bills Finance Association Director, Taiwan Financial Services Roundtable Co., Ltd. Consultant, Mega International Commercial Bank (from the Department of Business Management, College of Law, National Taiwan University.)	-	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Wu-Po Kuo	Male 71~80	2017.06.08	Three years	2017.06.08	0	0.00%	0	0.00%	0	0.00%	None	None	Staff, Ministry of the Interior Deputy Captain, Measurement Team, Department of Land Administration, Taipei City Government Director, Taipei Jiancheng Land Office Captain, Measurement Team, Department of Land Administration, Taipei City Government Deputy Director, Northern Region Branch, National Property Administration Director, Northern Region Branch, National Property Administration Deputy Director General, National Property Administration Director General, National Property Administration Counselor, Ministry of Finance Managing Director, Land Bank of Taiwan (Bachelor's degree, Department of Land Resources, Chinese Culture University)	-	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Chiu-Mu Tseng	Male 71~80	2017.06.08	Three years	2017.06.08	0	0.00%	0	0.00%	0	0.00%	None	None	Instructor, Air Force Institute of Technology Lecturer, National Chiayi Institute of Agriculture Director, Taipei Guting Land Office Acting Director, Taipei Shilin Land Office Secretary General, Department of Land Administration, Taipei City Government Deputy Director General, Department of Land Administration, Taipei City Government Consultant, Land Administration Agent Guild of Taipei City Consultant, Association for the Promotion of Cadastral Rights of the Republic of China Team Member, Advisory Board, Taipei City Government (Graduated from the Institute of Land Economics, National Chengchi University)	Consultant, Land Administration Agent Guild of Taipei City Team Member, Advisory Board, Taipei City Government Consultant, Taipei City Land Administration Agent Volunteer Service Association Member, Arbitration Technology and Arbitration Business Promotion Committee, Chinese Real Estate Arbitration Association	None	None	None	None

Note: Elections of all Directors were held on June 10, 2020. As of the time of the election, the Company's paid-in capital was NT\$6,965,824,790. As of April 15, 2023, the Company's paid-in capital was NT\$3,800,000,000.

Notes:

Table 1: Major shareholders of institutional shareholders

March 31, 2023

Name of institutional Shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)	Shareholding ratio (%)
Cheng Chi Co., Ltd.	Kao Pin Co., Ltd.	97.50
	Hsi-Feng Hou	2.50
Pai Ti Development Co., Ltd.	Chi Chan Industries Co., Ltd.	10.00
	Han Kuang Co., Ltd.	90.00
Chi Chan Industries Co., Ltd.	Chi Hsuan Development Co., Ltd.	42.79
	Ku Pang Co., Ltd.	49.71
	Kao Pin Co., Ltd.	7.28
	Hsi-Feng Hou	0.22

Note 1: If Directors and Supervisors are the representatives of institutional shareholders, the names of the institutional shareholders shall be disclosed.

Note 2: Fill in the names of main shareholders of the institutional shareholder (the top ten shareholders in terms of shareholding ratio) and their shareholding ratio. If the major shareholder is a juristic person, his/her name should be filled in Table 2 below.

Note 3: Where an institutional shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor and the funding or donation ratio.

Table 2: Major shareholders of major institutional shareholders listed in Table 1

March 31, 2022

Name of institution (Note 1)	Major shareholders of institutional shareholders (Note 2)	Shareholding ratio (%)
Kao Pin Co., Ltd.	Han Kuang Co., Ltd.	19.67
	Chuan Shang Co., Ltd.	19.67
	Chi Chia Industries Co., Ltd.	19.67
	Hsuan Ming Development Co., Ltd.	19.67
	Tsu Yan International Development Co., Ltd.	19.67
	Hsi-Feng Hou	1.64
Chi Chan Industries Co., Ltd.	Ku Pang Co., Ltd.	49.71
	Chi Hsuan Development Co., Ltd.	42.79
	Kao Pin Co., Ltd.	7.28
	Hsi-Feng Hou	0.22
Han Kuang Co., Ltd.	Kuo Pin Development Co., Ltd.	99.90
	Hsi-Feng Hou	0.10
Chi Hsuan Development Co., Ltd.	Kao Pin Co., Ltd.	64.94
	Chi Chan Industries Co., Ltd.	35.05
	Hsi-Feng Hou	0.01
Ku Pang Co., Ltd.	Kao Pin Co., Ltd.	99.15
	Hsi-Feng Hou	0.85

Note 1: If the major shareholders in Table 1 are institutional shareholders, the names of the institutional shareholders shall be disclosed.

Note 2: Fill in the names of main shareholders of the institution (the top ten shareholders in terms of shareholding ratio) and their shareholding ratio.

Note 3: Where an institutional shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor and the funding or donation ratio.

Information on Directors (2)

I. Disclosure of information on the professional qualifications of Directors and independence of Independent Directors:

Name	Qualifications Professional Qualifications and Experience	Compliance of independence (Note)	Number of positions as an Independent Director in other public companies
Director			

<p>Chi Chan Industries Co., Ltd. Representative: Tzu-Kuan Lin</p>	<p>Graduated from the Chinese Culture University and currently serves as the Chairman of the Board of Directors of the Company. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the hotel industry and related fields for nearly 20 years. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.</p>	<p>Note: The Director meets any of the following criteria in the two years before being elected or during the term of office:</p> <ol style="list-style-type: none"> (1) Not employed by the Company or any of its affiliates. (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. (3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager as stated in (1) or any of the persons mentioned in (2) and (3). (4) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations). (5) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations). (6) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country). (7) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations. (8) Not a spouse or a relative within two degrees of kinship with any other director. (9) Does not meet any of the conditions stated in Article 30 of the Company Act. 	<p>0</p>
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<p>Chi Chan Industries Co., Ltd. Representative: Chia-Chi Hou</p>	<p>Graduated with from the Department of Applied Mathematics and Chemical Engineering, Johns Hopkins University, Master/PhD in Department of Bioengineering, Stanford University. She currently serves as the Director of the Company, representative and Chairman of Hanshin Shopping Plaza, and representative of corporate directors of multiple listed companies. She has more than five years of necessary work experience in business, finance, big data, and corporate affairs and has the strategic planning, business management, marketing, and professional leadership skills for leading the Company in sustainable development in the tech industry.</p>	<p>Note: The Director meets any of the following criteria in the two years before being elected or during the term of office, s:</p> <ol style="list-style-type: none"> (1) Not employed by the Company or any of its affiliates. (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. (3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager as stated in (1) or any of the persons mentioned in (2) and (3). (4) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the total issued shares of the company, or a top 5 shareholder, or a director or supervisor representative appointed by the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (excluding independent directors appointed by both the company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations). (5) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations). (6) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company 	<p>0</p>
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<p>Cheng Chi Co., Ltd. Representative: Jer-Shyong Tsai</p>	<p>Graduated from the Department of International Business of National Chengchi University. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the finance industry and related fields for nearly 20 years. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.</p>	<p>(except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).</p> <p>(7) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).</p> <p>(8) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p>	<p>0</p>
<p>Cheng Chi Co., Ltd. Representative: Chien-Pung Ruan</p>	<p>Graduated from the Department of Land Economics, National Chengchi University. He has more than five years of necessary work experience in business, finance, accounting and corporate affairs and has worked in the finance industry and related fields. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.</p>	<p>(9) Not a spouse or a relative within two degrees of kinship with any other director.</p> <p>(10) Does not meet any of the conditions stated in Article 30 of the Company Act.</p>	<p>1</p>

<p>Cheng Chi Co., Ltd. Representative: Tung-Ming Su</p>	<p>Graduated from the National Open University. He has more than five years of necessary work experience in business and corporate affairs. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.</p>		<p>0</p>
<p>Pai Ti Development Co., Ltd. Representative: Pei-Kui Su</p>	<p>Graduated from the Department of Finance, National Sun Yat-sen University. He has more than five years of necessary work experience in business, finance, accounting and corporate affairs. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.</p>		<p>0</p>

Independent Director

<p>Li-Yen Yang</p>	<p>Graduated from the Department of Business Management, College of Law, National Taiwan University. Qualified in the Senior Examination for Field Operations of Financial Personnel in 1978. He currently serves as the convener of the Company's Remuneration Committee and convener of the Audit Committee. He has more than five years of necessary work experience in legal affairs, business, finance, and corporate affairs and has worked in the finance industry and related fields for nearly 20 years, with experience in legal affairs, corporate finance, and accounting.</p>	<p>Note: The Director meets any of the following criteria in the two years before being elected or during the term of office,</p> <ol style="list-style-type: none"> (1) Not employed by the Company or any of its affiliates. (2) Not a director or supervisor of the company or its affiliates (this restriction does not apply to independent directors in the company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country). (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager as stated in (1) or any of the persons mentioned in (2) and (3). (5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the total issued shares of the company, or a top 5 shareholder, or a director or supervisor representative appointed by the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (excluding independent directors appointed by both the company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations). 	<p>0</p>
<p>Wu-Po Kuo</p>	<p>Graduated with a bachelor's degree, Department of Land Resources, Chinese Culture University and graduated from the Institute of Public Administration, National Chengchi University. Qualified in the Senior Examination for Land Administration in 1975. He currently serves as a member of the Company's Remuneration Committee and a member of the Audit Committee. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the Department of Land Administration of Taipei and National Property Administration of the Ministry of Finance for nearly 20 years, with experience in land administration and finance.</p>	<ol style="list-style-type: none"> (6) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations). (7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations). (8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to specific companies or institutions if they hold more than 20% but less than 50% of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country). (9) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the 	<p>0</p>

<p>Chiu-Mu Tseng</p>	<p>Graduated from the Institute of Land Economics, National Chengchi University. He currently serves as a member of the Company's Remuneration Committee and a member of the Audit Committee. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the Department of Land Administration of Taipei for nearly 30 years, with experience in land administration.</p>	<p>remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p> <p>(10) Not a spouse or a relative within two degrees of kinship with any other director. (11) Does not meet any of the conditions stated in Article 30 of the Company Act. (12) Not elected as a government or corporate representative, as described in Article 27 of the Company Act.</p>	<p>0</p>
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II. Diversity and independence of the Board of Directors

To strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, in line with Paragraph 3, Article 20 of the Company's "Corporate Governance Best Practice Principles", diversity shall be considered in the composition of Board members. Directors who are also managers in the Company may not take up more than one-third of all seats. In addition, appropriate diversity policies shall be stipulated reflective of the Company's operation status, operational pattern, and developmental needs, which shall include, without limitation, the following two major aspects:

1. Basic requirements and values: Gender, age, nationality, and culture and etc., in which the ratio of female Directors should reach one-third or more of all seats.
2. Professional knowledge and expertise: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members shall be equipped with knowledge, skills, and attainments generally required for performing their tasks. In order to accomplish the preferred governance goals of the Company, the Board of Directors shall generally be equipped with the following capabilities:

1. Ability to make sound business judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to manage a business.
4. Ability to handle crisis management.
5. Industrial knowledge.
6. An international market perspective.
7. Leadership.
8. Decision-making ability.

The Company's Board of Directors consists of 9 Directors (including 3 Independent Directors). Independent Directors account for 30% of all members. The Board of Directors also has 1 female Director who accounts for 11% of all members. In terms of the age distribution, 1 Director is aged 31 to 40, 1 Director is aged 51 to 60, 2 Directors are aged 61 to 70, and 5 Directors are aged 71 to 80. With regard to the terms of office of Independent Directors, two Independent Directors have served more than 3 years and one has served less than 3 years. No Independent Director has served more than 3 consecutive terms. Their qualifications meet the regulations for Independent Directors in regulations and they are familiar with the operations of the Company. The progress is detailed in the table below:

Name	Job title	Nationality	Gender	Status as employee	Age			Independent Director office term	Core diversity skills								
					31-40 years old	51-60 years old	61-70 years old		71-80 years old	Less than 3 years	3 years or above	Business management	Legal affairs and real estate	Finance	Accounting and business	Marketing management	Information technology
Tzu-Kuan Lin	Chairman	Republic of China	Male	-			V			V		V	V	V	V	V	V
Chia-Chi Hou	Director	Republic of China	Female	-	V					V		V	V	V	V	V	V
Jer-Shyong Tsai	Director	Republic of China	Male	-			V			V	V	V	V	V			V
Chien-Pung Ruan	Director	Republic of China	Male	-			V			V	V	V	V	V			V
Tung-Ming Su	Director	Republic of China	Male	-			V			V	V		V	V	V		
Pei-Kui Su	Director	Republic of China	Male	-		V				V		V		V	V	V	V
Li-Yen Yang	Independent Director	Republic of China	Male	-			V	V		V	V	V					V
Wu-Po Kuo	Independent Director	Republic of China	Male	-			V		V		V	V					V
Chiu-Mu Tseng	Independent Director	Republic of China	Male	-			V		V		V						V

III. Specific management targets and implementation status of the policy on diversification of board members:

Management target	Implementation status
Directors who serve concurrently as managers should not exceed one third of the Board of Directors	Achieved
The Board of Directors has at least one female member	Achieved
No more than three consecutive terms for Independent Director	Achieved

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and heads of departments and subsidiaries

March 31, 2021

Title (Note 1)	Nationality	Name	Gender	Date elected(appoint ed)	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education) (Note 2)	Current position in other companies	Has a spouse or a relative within the second degree of kinship who is the Company's manager			Remarks (Note 3)
					Number of shares	Sharehol ding ratio	Number of shares	Shareholdi ng ratio	Numb er of shares	Sharehol ding ratio			Title	Name	Relati onshi p	
President	Republic of China	Shao-Ling Peng	Female	2008.06.18	218,340	0.06%	0	0.00%	None	None	Vice President, Yu Chieh Construction Co., Ltd. (Tungnan University)	Director, Hanshin Department Store Co., Ltd.; Director, Hanshin Shopping Plaza Co., Ltd.; Director, Grand Hi-Lai Hotel Co., Ltd.; Director, Hi-Lai Foods Co., Ltd.; Director, Shang Yang International Asset Management Co., Ltd.; Director, Shen Yang Construction Co., Ltd.; Director, Che Yang Agricultural Technology Co., Ltd.; Director, Chi Yang Construction Co., Ltd.; Director, Star Era International Co., Ltd. Director, Chi Yang Construction Co., Ltd.; Director, SE Security Corp.	None	None	None	None
President's Office Vice President	Republic of China	Cheng- Hsiung Hsieh	Male	2015.07.20	128	0.00%	11,589	0.00%	None	None	(Manager, Han Yang Construction)	Supervisor, Sweet Me Hot Spring Resort Co., Ltd.; Director, Shang Yang International Asset Management Co., Ltd.; Supervisor, Li Yang Agricultural Technology Co., Ltd.; Director, Shen Yang Construction Co., Ltd.; Director, Che Yang Agricultural Technology Co., Ltd.; Director, Chi Yang Construction Co., Ltd. Director, Han Yang Global Co., Ltd.	None	None	None	None
Assistant Vice President, Planning Division	Republic of China	Yun-Ti Cheng	Male	2016.03.15	12,000	0.00%	0	0.00%	None	None	Assistant Vice President, Ting Ho Development Co., Ltd. (Master's degree, Department of Architecture, Tamkang University)	None	None	None	None	None
Assistant Vice President, Planning Division	Republic of China	Lin-Wei Hsiao	Male	2015.06.09	5,727	0.00%	0	0.00%	None	None	(Master's degree, Department of Architecture, Tamkang University)	None	None	None	None	None
Assistant Vice President, Engineering Division	Republic of China	Wen-Ho Hsu	Male	2015.06.09	4,364	0.00%	0	0.00%	None	None	Assistant Vice President, Lu Chiang Construction (Graduate Institute of Civil and Disaster Prevention Engineering, National Taipei University of Technology)	None	None	None	None	None
Assistant Vice President of the Finance Division and Accounting Manager	Republic of China	Cheng-I Wang	Female	2015.07.20 2008.08.15	27,276	0.01%	0	0.00%	None	None	Accounting Manager, Crowell Development (China University of Technology)	Supervisor, Shang Yang International Asset Management Co., Ltd.; Supervisor, Shen Yang Construction Co., Ltd.; Supervisor, Che Yang Agricultural Technology Co., Ltd.; Supervisor, Hi-Lai Hotel Co., Ltd.; Supervisor, Silvershine Technology Inc.; Supervisor, Chi Yang Construction Co., Ltd.	None	None	None	None

Title (Note 1)	Nationality	Name	Gender	Date elected (appointed)	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience (education) (Note 2)	Current position in other companies	Has a spouse or a relative within the second degree of kinship who is the Company's manager			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Assistant Vice President, Sales Division	Republic of China	Meng-Hui Lien	Female	2017.04.24	0	0.00%	0	0.00%	None	None	Secretary, Cinti Leghorn Co., Ltd. Sales and administration staff, Chang Hsuan Construction Co., Ltd. Sales and administration staff, Kuo Yang Construction Co., Ltd. Sales and administration staff, Ming Fu Development Co., Ltd. Assistant Vice President, Hiyes Corporation Ltd. (Yu Da University of Science and Technology, Comprehensive Business Studies Department)	None	None	None	None	None
Manager, Audit Office	Republic of China	Yue-Hua Li	Female	2008.08.15	0	0.00%	0	0.00%	None	None	Accounting Manager, Ching Yang Construction Co., Ltd. (Yu Da University of Science and Technology Department of Finance/Accounting)	None	None	None	None	None

- PS: Note 1: Information regarding the President, Vice Presidents, Assistant Vice Presidents, heads of departments and branches should be included and information regarding positions equivalent to President, Vice Presidents, Assistant Vice Presidents shall be disclosed regardless of job title.
- Note 2: Experience related to the current position. If the individual had served in the certifying CPA firm or an affiliated enterprise in the aforementioned period, the position and job functions shall be described.
- Note 3: Where the Chairman, President, or individual with equivalent roles are the same individual, spouses, or relatives within the first degree of kinship, the Company shall disclose related information regarding the reason, reasonableness, necessity, and response measures (e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors from individuals who are not employees or managers).

III. Remunerations to Directors, President, and Vice Presidents in recent years

Remuneration paid to Directors and Independent Directors (disclosure of the name and remuneration of each individual) Unit: NTD

Title	Name	Remuneration for Directors								Total remuneration (A+B+C+D) as a percentage of net income after tax (Note 10)		Remuneration received as the Company's employee								Ratio of total compensation (A+B+C+D+E+F+G) to after-tax income (Note 10)		Remuneration received from investees other than subsidiaries (Note 11)
		Remuneration (A) (Note 2)		Severance pay and pension (B)		Remuneration for Directors (C) (Note 3) (Proposed amount)		Project implementation expenses (D) (Note 4)				Salary, bonuses, and allowances (E) (Note 5)		Employee remuneration (G) (Note 6)								
		The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	The Company	All companies included in the Financial Report (Note 7)	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies included in the Financial Report (Note 7)	
Chairman	Chi Chan Industries Co., Ltd. Representative: Tzu-Kuan Lin	110,000	110,000	0	0	1,866,840	1,866,840	0	0	0.4068%	0.4068%	0	0	0	0	0	0	0	0	0.4068%	0.4068%	None
Director	Cheng Chi Co., Ltd. Representative: Jer-Shyong Tsai	100,000	100,000	0	0	1,866,840	1,866,840	0	0	0.4048%	0.4048%	0	0	0	0	0	0	0	0	0.4048%	0.4048%	None
Director	Cheng Chi Co., Ltd. Representative: Chien-Pung Ruan	100,000	100,000	0	0	1,866,840	1,866,840	0	0	0.4048%	0.4048%	0	0	0	0	0	0	0	0	0.4048%	0.4048%	None
Director	Chi Chan Industries Co., Ltd. Representative: Chia-Chi Hou	100,000	100,000	0	0	1,866,840	1,866,840	0	0	0.4048%	0.4048%	0	0	0	0	0	0	0	0	0.4048%	0.4048%	None
Director	Cheng Chi Co., Ltd. Representative: Tung-Ming Su	110,000	110,000	0	0	1,866,840	1,866,840	0	0	0.4068%	0.4068%	0	0	0	0	0	0	0	0	0.4068%	0.4068%	None
Director	Pai Ti Development Co., Ltd. Representative: Pei-Kui Su	110,000	110,000	0	0	1,866,840	1,866,840	0	0	0.4068%	0.4068%	0	0	0	0	0	0	0	0	0.4068%	0.4068%	None
Independent Director	Li-Yen Yang	800,000	800,000	0	0	0	0	0	0	0.1646%	0.1646%	0	0	0	0	0	0	0	0	0.1646%	0.1646%	None
Independent Director	Wu-Po Kuo	820,000	820,000	0	0	0	0	0	0	0.1687%	0.1687%	0	0	0	0	0	0	0	0	0.1687%	0.1687%	None

Independent Director	Chiu-Mu Tseng	820,000	820,000	0	0			0	0	0.1687%	0.1687%	0	0	0	0	0	0	0	0	0.1687%	0.1687%	None
<p>1. Please describe the policy, system, standards and structure of the remuneration packages of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment: According to the Company's "Remuneration Committee Charter", the Committee shall regularly review the Company's policies, systems, standards, and structure for the performance evaluation, salary, and remuneration of the Directors, Independent Directors, and managers. (1) Transportation expenses: Payment for attendance in meetings of the Board of Directors. The attendance fee is NT\$10,000 per person. (2) Fixed remuneration: Fixed remuneration of NT\$50,000 per month.(3) Non-fixed remuneration: No such remuneration for Directors.</p> <p>2. Except as disclosed above, remuneration received by Directors in the latest year for on-balance sheet services (e.g., consulting service for the parent company/all companies included in the financial statements/non-employee in investee etc.) rendered to the Company: None</p>																						

Range of remuneration chart

Range of remuneration paid to the Directors of the Company	Name of Director			
	Total amount of the 4 preceding remunerations (A+B+C+D)		Total amount of the 7 preceding remunerations (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the Financial Report (Note 9) H	The Company (Note 8)	All companies included in the Financial Report (Note 9) I
Less than NT\$1,000,000	Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng	Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng	Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng	Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng
NT\$1,000,000(inclusive)to NT\$2,000,000(exclusive)	Tzu-Kuan Lin, Jer-Shyong Tsai, Chien-Pung Ruan, Chia-Chi Hou, Tung-Ming Su, Pei-Kui Su,	Tzu-Kuan Lin, Jer-Shyong Tsai, Chien-Pung Ruan, Chia-Chi Hou, Tung-Ming Su, Pei-Kui Su,	Tzu-Kuan Lin, Jer-Shyong Tsai, Chien-Pung Ruan, Chia-Chi Hou, Tung-Ming Su, Pei-Kui Su,	Tzu-Kuan Lin, Jer-Shyong Tsai, Chien-Pung Ruan, Chia-Chi Hou, Tung-Ming Su, Pei-Kui Su,
NT\$2,000,000(inclusive)to NT\$3,500,000(exclusive)				
NT\$3,500,000(inclusive)to NT\$5,000,000(exclusive)				
NT\$5,000,000(inclusive)to NT\$10,000,000(exclusive)				
NT\$10,000,000(inclusive)to NT\$15,000,000(exclusive)				
NT\$15,000,000(inclusive)to NT\$30,000,000(exclusive)				
NT\$30,000,000(inclusive)to NT\$50,000,000(exclusive)				
NT\$50,000,000(inclusive)to NT\$100,000,000(exclusive)				
Higher than NT\$100,000,000				
Total	9 persons	9 persons	9 persons	9 persons

Note 1: The names of the Directors must be separately listed (for institutional shareholders, the names of institutional shareholders and representatives should be listed respectively) and the payment amounts shall be disclosed using the summary disclosure method. If a Director concurrently serves as the President or Vice President, fill out this Table and Table (3-1) or (3-2) below.

Note 2: Remuneration to Directors in the most recent year (include the Directors' salary, additional duty payments, severance pay, various bonuses, or incentive payments).

Note 3: The amount is the proposed remuneration to directors approved by the Board of Directors for the most recent fiscal year.

Note 4: This refers to the project implementation expenses of Directors in the past year (including transportation expenses, special allowance, stipends, dormitory, and car). If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration.

- Note 5: All payments to Directors who are also employees of the Company (including the President, Vice Presidents, other managers, and employees), including salary, additional duty payment, severance pay, various bonuses, incentive payments, transportation expenses, special allowance, stipends, dormitory, and car. If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration. Furthermore, any compensation recognized in the IFRS 2-"Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.
- Note 6: For Directors concurrently serving as employees (including the President, Vice Presidents, other managers and employees) who receive employee remuneration (including shares and cash), the amount of employee remuneration that have been approved by the Board of Directors and distributed to them in the most recent fiscal year shall be disclosed. If the amount of remuneration cannot be estimated, the amount of remuneration in the current fiscal year shall be calculated based on the ratio of the amount of remuneration distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.
- Note 7: Total pay to Directors from all companies in the consolidated statements (including the Company) shall be disclosed.
- Note 8: The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the Director by the Company.
- Note 9: The total amount of all the remuneration paid to each Director of the Company by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed. The name of each Director shall be disclosed in the range of remuneration.
- Note 10: The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.
- Note 11: a. The amount of remuneration received from subsidiaries other than investee companies by the Company's Directors shall be stated clearly in this column.
- b. If a Director of the Company receives remuneration from investee companies other than subsidiaries, the amount of remuneration received by the director from investee companies other than subsidiaries shall be combined into Column I of the range of remuneration chart, and the name of this column shall be changed to "All Investee Companies".
- c. Remuneration refers to pay, compensation (including compensation of employees, directors and supervisors) and remuneration for conducting business received by a director of the Company serving as a director, supervisor or manager of an investee of the Company other than subsidiaries.

Remunerations for Supervisors (range of remuneration with name disclosure): The Company has established an Audit Committee.

Remuneration for the President and Vice Presidents (disclosure of the name and remuneration of each individual)

Unit: NT\$1,000

Title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonuses and allowances, etc. (C) (Note 3)		Employee remuneration (D) (Note 4) (Proposed amount)				Total remuneration (A+B+C+D) as a percentage of net income after tax (Note 8)		Remuneration from investee companies other than subsidiaries or the parent company (Note 9)
		The Company	All companies included in the Financial Report (Note 5)	The Company	All companies included in the Financial Report (Note 5)	The Company	All companies included in the Financial Report (Note 5)	The Company		All companies included in the Financial Report (Note 5)		The Company	All companies included in the Financial Report (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Shao-Ling Peng	<u>10,853</u>	<u>10,853</u>	0	0	0	0	<u>130</u>	<u>0</u>	<u>130</u>	0	<u>2.2602%</u>	<u>2.2602%</u>	None
President's Office Vice President	Cheng-Hsiung Hsieh	<u>3,175</u>	<u>3,175</u>	0	0	0	0	<u>49</u>	<u>0</u>	<u>49</u>	0	<u>0.6635%</u>	<u>0.6635%</u>	None

Range of remuneration paid to Presidents and Vice Presidents	Name of President and Vice Presidents	
	The Company (Note 7)	All companies included in the Financial Report (Note 8) <u>E</u>
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Cheng-Hsiung Hsieh	Cheng-Hsiung Hsieh
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	Shao-Ling Peng	Shao-Ling Peng
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)		
Higher than NT\$100,000,000		
Total	2 persons	2 persons

Note 1: The names of President and Vice Presidents shall be listed separately and the amounts paid shall be disclosed in a summary. If a Director concurrently serves as the President or Vice President, fill out this Table and Table (1-1) or (1-2) above.

Note 2: Salary, additional duty payments, and severance pay received by the President and Vice Presidents in the past year.

Note 3: Bonus, incentive payments, transportation expenses, special allowance, stipends, dormitory, car, and other payments received by the President or Vice President in the past year. If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration. Furthermore, any compensation recognized in the IFRS 2-"Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Note 4: The amount of employee remuneration (including shares and cash) that have been approved by the Board of Directors and distributed to the President and Vice Presidents in the most recent fiscal year. If the amount of remuneration cannot be estimated, the amount of remuneration in the current fiscal year shall be calculated based on the ratio of the amount of remuneration distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3. The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 5: The total pay to the President or Vice President from all companies in the consolidated statements (including the Company) shall be disclosed.

Note 6: The names and remuneration of President and Vice Presidents paid by the Company shall be disclosed in their respective remuneration range.

Note 7: The names of the President and Vice Presidents paid by all companies in the consolidated statements (including the Company) shall be disclosed in their respective remuneration range.

Note 8: The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 9: a. This field shows the amount of remuneration the President and Vice Presidents of the Company

- receive from investees other than subsidiaries of the Company.
- b. If the President and Vice President of the Company receive remuneration from investees other than subsidiaries of the Company, the remuneration received by the President and Vice Presidents of the Company from investees other than subsidiaries of the Company shall be included in column E of the range of remuneration chart and the name of this column shall be changed to "All Investee Companies".
 - c. Remuneration refers to pay, compensation (including compensation of employees, directors and supervisors) and remuneration for conducting business received by the President and Vice Presidents of the Company serving as a director, supervisor or manager of an investee of the Company other than subsidiaries.
- * The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Remuneration paid to the top five highest paid managers (disclosure of the name and remuneration of each individual) (Note 1)

Unit: NT\$1,000

Title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonuses and allowances, etc. (C) (Note 3)		Employee remuneration (D) (Note 4) (Proposed amount)				Total remuneration(A+B+C+D) as a percentage of net income after tax (Note 6)		Remuneration from investee companies other than subsidiaries or the parent company (Note 7)
		The Company	All companies included in the Financial Report (Note 5)	The Company	All companies included in the Financial Report (Note 5)	The Company	All companies included in the Financial Report (Note 5)	The Company		All companies included in the Financial Report (Note 5)		The Company	All companies included in the Financial Report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Shao-Ling Peng	10,853	10,853	0	0	0	0	130	0	130	0	2.2602%	2.2602%	None
Assistant Vice President	Yun-Ti Cheng	4,651	4,651	0	0	0	0	67	0	67	0	0.9709%	0.9709%	None
Assistant Vice President	Meng-Hui Lien	4,041	4,041	0	0	0	0	56	0	56	0	0.8431%	0.8431%	None
Assistant Vice President	Wen-Ho Hsu	3,884	3,884	0	0	0	0	56	0	56	0	0.8108%	0.8108%	None
Assistant Vice President	Cheng-I Wang	3,754	3,754	0	0	0	0	49	0	49	0	0.7826%	0.7826%	None

Note 1: The "top five highest paid managers" refer the Company's manager. The definitions of managers shall be based on the applicable scope for "managers" specified in the Tai-Cai-Zheng-3 No. 0920001301 Order issued by the Securities and Futures Administration Commission on March 27, 2003. The principles for the calculation and determination of the "top five highest paid managers" shall be based on the sum of the salary, severance pay and pension, bonuses, allowances, etc. received by the manager from all companies in the consolidated financial statements, and the employee remuneration (i.e., sum of A+B+C+D), and the individuals with the top five highest remuneration shall be included. If a Director concurrently serves as one of the aforementioned managers, fill out this Table and Table (1-1) above.

Note 2: Salary, additional duty payments, and severance pay received by the top five highest paid managers in the past year.

Note 3: Bonus, incentive payments, transportation expenses, special allowance, stipends, dormitory, car, and other payments received by the top five highest paid managers in the past year. If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount

shall not be included in the remuneration. Furthermore, any compensation recognized in the IFRS 2-"Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

- Note 4: The amount of employee remuneration (including shares and cash) that have been approved by the Board of Directors and distributed to the top five highest paid managers in the most recent fiscal year. If the amount of remuneration cannot be estimated, the amount of remuneration in the current fiscal year shall be calculated based on the ratio of the amount of remuneration distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.
- Note 5: Total remuneration to the top five highest paid managers from all companies in the consolidated statements (including the Company) shall be disclosed.
- Note 6: The after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.
- Note 7: a. The amount of remuneration received from subsidiaries other than investee companies or the parent company by the Company's top five highest paid managers shall be stated clearly in this column (please specify "none" if there is no remuneration).
b. Remuneration refers to pay, compensation (including compensation of employees, directors and supervisors) and remuneration for conducting business received by top five highest paid managers of the Company serving as a director, supervisor or manager of an investee of the Company other than subsidiaries or the parent company.
- * The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Manager's name and the distribution of employee remuneration:

March 31, 2022 Unit: NT\$1,000

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount (Proposed amount)	Total	Total remuneration as a percentage of net profit after tax
Manager	President	Shao-Ling Peng	0	448	448	0.0922%
	Vice Presidents, President's Office	Cheng-Hsiung Hsieh				
	Assistant Vice President of the Finance Division and Accounting Manager	Cheng-I Wang				
	Assistant Vice President, Planning Division	Yun-Ti Cheng				
	Assistant Vice President, Planning Division	Lin-Wei Hsiao				
	Assistant Vice President, Engineering Division	Wen-Ho Hsu				
	Assistant Vice President, Sales Division	Meng-Hui Lien				

Note 1: The names and titles of the individuals must be disclosed, but the disclosure may be shown in aggregate profit distribution.

Note 2: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the managers in the most recent fiscal year. If this amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year. The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 3: The scope of application for the term "managerial officer" shall be pursuant to the FSC's Tai-Cai-Zheng-3 No. 0920001301 Order dated March 27, 2003. Its scope of application shall be as follows:

- (1) The President and those with equivalent powers
- (2) Vice Presidents and those with equivalent powers
- (3) Assistant Vice Presidents and those with equivalent powers
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Other individuals with the authority for managing company affairs and signatory rights

Note 4: Directors, Presidents, and Vice Presidents who receive employee rewards (including shares and cash) must be listed in Table 1-2 and this table.

- (4) Comparison and analysis of remunerations to Directors, Supervisors, President, and Vice Presidents of the Company by the Company and all companies in the consolidated financial statements as a percentage of net profit after tax in the parent company only or individual financial reports in the last two years, and description of the policy, standards, and packages of remunerations, procedure for making such decision and relation to business performance and future risks:

A. Analysis of total remuneration paid to the Company's Directors, Supervisors, President, and Vice Presidents in the last two years as a percentage of the net profit after tax in the parent company only or individual financial report

Title	2021		2022	
	Total remuneration as a percentage of net loss after tax		Total remuneration as a percentage of net profit after tax	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Director	0.9422%	0.9422%	2.9369%	2.9369%
Supervisor			-	-
President and Vice Presidents	1.0414%	1.0414%	2.9237%	2.9237%

- B. Remuneration policies, standards and packages, procedures for determining remuneration, and correlation of remuneration with business performance and future risks:
- (a) Attendance fees: Directors receive an attendance fee of NT\$10,000 for each meeting.
 - (b) President and Vice Presidents: The salary (including base salary, meal allowance, and additional pa for supervisors) is determined based on their experience, number of years of service, and performance.
 - (c) Director remuneration from distribution of earnings: The Company allocates no more than 5% of the earnings before tax as remuneration for Directors and Supervisors in accordance with the Articles of Incorporation (the Company has allocated 2% each year).
 - (D) Employee remuneration from distribution of earnings: The Company allocates 0.5% to 5% of the earnings before tax of the current year as remuneration for employees in accordance with the Articles of Incorporation (the Company has allocated 2% each year).

IV. Implementation of corporate governance

(I) Operations of the Board of Directors

Information on operations of the Board of Directors

The Board of Directors convened 8 meetings(A)in 2022. The attendance of Directors and Supervisors was as follows:

Title	Name	Attendance in person B	Attendances by proxy	Attendance in person rate (%) (B/A) (Note 2)	Remarks
Chairman (Note 1)	Tzu-Kuan Lin	8	0	100%	
Director (Note 2)	Jer-Shyong Tsai	8	0	100%	
Director (Note 2)	Chien-Pung Ruan	8	0	100%	
Director (Note 1)	Chia-Chi Hou	8	0	100%	
Director (Note 2)	Tung-Ming Su	8	0	100%	
Director (Note 3)	Pei-Kui Su	8	0	100%	
Independent Director	Li-Yen Yang	8	0	100%	
Independent Director	Wu-Po Kuo	8	0	100%	
Independent Director	Chiu-Mu Tseng	8	0	100%	

Other disclosures:

I. The date of the Board meeting, the term, contents of the proposals, opinions of all Independent Directors, and the Company's handling of opinions of Independent Directors shall be recorded under the following circumstances in the operations of the Board of Directors meeting:

(I) Items specified in Article 14-3 of the Securities and Exchange Act:

1. The adoption or amendment, pursuant to Article 36-1, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.

None.

2. Matters in which a director or supervisor is an interested party: None

3. Loans of funds, endorsements, or provision of guarantees of a material nature: The following information is provided in Item 8 in the "Implementation of corporate governance":

(1) Important resolution 3, passed in the 6th meeting of the Board of Directors on August 8, 2022.

(2) Important resolutions 3, 4, 6 and 7 passed in the 7th meeting of the Board of Directors on November 7, 2022.

(3) Important resolutions 3 passed in the 8th meeting of the Board of Directors on December 19, 2022.

The aforementioned motions were passed unanimously by all Independent Directors in attendance.

4. The hiring or dismissal of a certified public accountant, or their compensation: None

(II) With the exception of the aforementioned items, resolutions adopted by the Board of Directors, to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None

II. Directors abstaining in certain proposals for being a stakeholder (the name of the Director(s), the content of the proposal, reasons for abstentions and the results of voting counts shall be stated):

(I) March 21, 2022:

The Company plans to work with six companies including Wei Li International

Development Co., Ltd. for joint investment in the land development project on Longzhong Section, Gushan District, Kaohsiung City. Except for the Directors Tzu-Kuan Lin, Chia-Chi Hou, and Chien-Pung Ruan, who recused themselves from the discussion and voting in accordance with Article 206 of the Company Act, the proposal was passed unanimously by all other Directors in attendance.

(II) March 30, 2022:

The Company entered a joint venture with Taiwan Life Insurance Co., Ltd. for the establishment of Star Epoch International Co., Ltd. and nominated Directors and Supervisors. Except for the Directors Tzu-Kuan Lin and Chia-Chi Hou, who recused themselves from the discussion and voting in accordance with Article 206 of the Company Act, the proposal was passed unanimously by all other Directors in attendance.

(III) July 4, 2022:

The Company planned to work with four companies including Wei Li International Development Co., Ltd. for a joint investment in the land development project at Jiangbei Section, Xizhi District, New Taipei City. With the exception of the Director Tzu-Kuan Lin, Chia-Chi Hou, Jer-Shyong Tsai, and Chien-Pung Ruan, who recused themselves from the discussion and voting in accordance with Article 206 of the Company Act, the proposal was passed unanimously by all other Directors in attendance.

(IV) August 8, 2022

The Company's 100% owned subsidiary Shen Yang Construction Co., Ltd. planned to work with three companies including Ascent Development Co., Ltd. for a joint investment in the land on Zhongyuan Section, Zhonghe District, New Taipei City. Except for the Directors Chia-Chi Hou, Jer-Shyong Tsai, and Chien-Pung Ruan, who recused themselves from the discussion and voting in accordance with Article 206 of the Company Act, the proposal was passed unanimously by all other Directors in attendance.

(V) December 19, 2022

The Company planned to invest NT\$23,090,025 in Grand Hi-Lai Hotel Co., Ltd. With the exception of the Chairman Tzu-Kuan Lin and the Directors Chia-Chi Hou and Tung-Ming Su who recused themselves from the discussion and voting, the proposal was passed unanimously after discussions and deputy chairman has inquired the opinions of all other Directors in attendance.

III. The company listed on TWSE/TPEX shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the evaluation of the Board of Directors. Refer to the Board of Directors evaluation status in the table.

IV. Programs in the current and most recent year adopted to strengthen the functionality of the Board (for example, establishment of an Audit Committee, improvement of information transparency, etc.) and execution evaluation: The Company established the Audit Committee on June 8, 2017.

(I) Strengthening the functionality of the Board

- 1.No Director of the Company is a spouse or a relative within two degrees of kinship with any other Director.
- 2.All operations of the Company's Board of Directors are processed in accordance with applicable laws and regulations.
- 3.Members of the Company's Board of Directors attend continuing education courses on corporate governance organized by institutions specified in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.

(II) Improvement of information transparency, etc.

The Company's financial statements are regularly audited and certified by PricewaterhouseCoopers, Taiwan. All information disclosures required by laws and regulations are correctly and promptly completed, and we assign designated

personnel to take charge of the collection and disclosure of the Company's information. We also established a spokesperson system to ensure the prompt and adequate disclosure of material information.

Note 1: Representative of Chi Chan Industries Co., Ltd.

Note 2: Representative of Cheng Chi Co., Ltd.

Note 3: Representative of Pai Ti Development Co., Ltd.

- (1) If a Director or Supervisor has resigned before the end of the year, the resignation date must be specified in the remarks section. The attendance rate (%) shall be calculated by dividing the number of the Board of Directors meetings held during the period by the number of the meetings that the Director or Supervisor has actually attended.
- (2) If a Director or Supervisor has been reelected before the end of the year, the names of the new and old Director and Supervisors must be filled in and the resignation, new appointment, second term appointment, or reelection dates shall be specified in the remarks section. The attendance rate (%) shall be calculated by dividing the number of the Board meetings held during the period by the number of the meetings that the Director or Supervisor has actually attended.

(II) Board of Directors evaluation status:

To fulfill corporate governance and enhance the functions of the Board of Directors, and to formulate performance targets in order to strengthen the operational efficiency of the Board, the Company's Board of Directors has formulated the "Rules for Performance Evaluation of Board of Directors" in a Board meeting convened on November 9, 2020. The Rules specified that the Board of Directors shall execute at least one performance evaluation targeting the Board of Directors, the individual Directors, and the functional committees in each year, and the internal evaluation should be executed in line with the Rules at the end of each year.

Board of Directors evaluation status

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
Once every year	2022/1/1~ 2022/12/31	Board of Directors	Self-evaluation of individual Directors	<ol style="list-style-type: none"> 1. Participation in the operation of the company 2. Quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control
		Individual Directors		<ol style="list-style-type: none"> 1. Familiarity with the goals and missions of the company 2. Awareness of the duties of a director 3. Participation in the operation of the company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6. Internal control
		Functional committees		<ol style="list-style-type: none"> 1. Participation in the operation of the company 2. Knowledge of the duties of the functional committee 3. Quality of functional committee's decisions 4. Functional committee composition and election of members 5. Internal control

Implementation status: The Company's 2022 performance evaluation was submitted to the Board of Directors on March 14, 2023. The evaluation results and items that required extra efforts in 2023 have been submitted, and the evaluation scores were good.

Evaluation results:

- I. The overall Board of Directors is functioning well, and the Company provides sufficient resources to assist the effective promotions of corporate governance and long-term strategic developments. Risk management and sustainable management philosophies are also implemented in practice. In line with the requirement for

corporate governance, all Directors can properly discuss and communicate and achieve optimal decisions, as well as fulfill their supervisory functions.

- II. Matters that have not yet been improved will be gradually improved and executed in accordance with the Company's plans. The Company hopes that the Board of Directors, the individual Directors, and the functional committees can perform their respective duties with even better results in the future, and to lead the Company toward achieving even better corporate governance.

(II) Operations of the Audit Committee:

Information on the operations of the Audit Committee

The Audit Committee convened a total of 8 meetings (A) in the most recent year (2022). The attendance of Independent Directors was as follows:

Title	Name	Attendance in person(B)	Attendances by proxy	Attendance in person rate (%) (B/A) (Note)	Remarks Election of all Directors on June 10, 2020
Independent Director	Li-Yen Yang	8	0	100%	
Independent Director	Wu-Po Kuo	8	0	100%	
Independent Director	Chiu-Mu Tseng	8	0	100%	

Other disclosures:

I. The date of the Board meeting, the term, contents of the proposals, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting:

II. (I) Items specified in Article 14-5 of the Securities and Exchange Act: Submitted to the Board of Directors after the approval of the Audit Committee.

1. Passed with no dissenting opinions in the 16th meeting of the 2nd Audit Committee on January 17, 2022:

(1) The Company's wholly-owned subsidiary Shang Yang International Asset Management Co., Ltd. intends to set up Pao Yue Landscape Co., Ltd. with the natural person Cheng-Ju Li. The equity investment is 51% and the estimated total investment will be within NT\$5,100,000.

(2) The Company's wholly-owned subsidiary Shen Yang Construction Co., Ltd. acquired land on Plot 9, Shengli Section, Fengshan District, Kaohsiung City through a joint investment and development in collaboration with Tsang Hsin Construction Co., Ltd. They jointly applied for a building financing limit and trust matters with the Agricultural Bank of Taiwan and requested Shen Yang Construction Co., Ltd. to provide joint guarantee. They issued a letter to request permission from the parent company.

2. Passed with no dissenting opinions in the 17th meeting of the 2nd Audit Committee on March 21, 2022:

(1) The Company's 2021 individual and consolidated financial statements.

(2) The independence evaluation of the certifying CPAs for 2022

(3) Proposal for the amendment of the "Articles of Incorporation"

(4) Proposal for the amendment of the "Procedures for Acquisition or Disposal of Assets"

(5) The Company plans to work with five companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Longzhong Section, Gushan District, Kaohsiung City

(6) The results of the evaluation on the effectiveness of the design and implementation of the Company's internal control system for 2021

3. Passed with no dissenting opinions in the 18th meeting of the 2nd Audit Committee on March 30, 2022:

(1) The Company's 2021 Business Report.

(2) The Company decided not to distribute dividends for 2021 Q4.

(3) The Company intends to sign a joint venture agreement with Taiwan Life Insurance Co., Ltd. to set up a project company and sign an implementation contract with Kaohsiung City Government.

(4) The Company intends to set up a new company in a joint venture with Taiwan Life Insurance Co., Ltd. The equity investment is 80% and the estimated total investment will be within NT\$4,000,000 thousand.

4. Passed with no dissenting opinions in the 19th meeting of the 2nd Audit Committee on

May 10, 2022:

- (1) Revision of the 2021 earnings distribution proposal.
- (2) The Company's 2022 Q1 business report.
- (3) The Company decided not to distribute dividends for 2022 Q1.
- (4) Proposal for the extension of the Company's expiring loan facility with Jih Sun International Bank Xinyi Branch.
- (5) With regard to the Company's joint investment and development of land on Zhongxing Section, Sanchong District, New Taipei City with four companies including Wei Li International Development Co., Ltd., the Company intended to purchase land to be used for the transfer of building bulk to apply for a working capital financing limit from First Bank with Wei Li International Development Co., Ltd. as the borrower. In addition, the Company will provide joint guarantee.
- (6) With regard to the Company's joint investment and development of land on Longzhong Section, Gushan District, Kaohsiung City with six companies including Wei Li International Development Co., Ltd., the Company intended to use the land as collateral to apply for a land financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The financing bank requested the Company to provide joint guarantee and credit extension.
- (7) With regard to the Company's joint investment and development of land on Jiuzong Section, Neihu District, Taipei City with five companies including Wei Li International Development Co., Ltd., the Company intended to apply for a change in the original borrower as well as matters related to construction financing credit.

5. Passed with no dissenting opinions in the 20th meeting of the 2nd Audit Committee on July 4, 2022:

The Company plans to work with four companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Jiangbei Section, Xizhi District, New Taipei City.

6. Passed with no dissenting opinions in the 21st meeting of the 2nd Audit Committee on August 8, 2022:

- (1) The Company's 2022 Q2 consolidated financial statements.
- (2) The Company's 100% owned subsidiary, Ascent Development CO., Ltd. plans to work with three companies including Shen Yang Construction Co., Ltd. for joint investment in the land development project on Zhongyuan Section, Zhonghe District, New Taipei City.
- (3) With regard to the joint investment and development of land on Jiangbei Section, Xizhi District, New Taipei City, with four companies including Wei Li International Development Co., Ltd., the Company intended to use the land as collateral to apply for a land financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The financing bank requested the Company to provide joint guarantee and credit extension.
- (4) The Company intended to develop land on Minsheng Section in Qianjin District, Kaohsiung City, and proposed to designate subsidiary Shen Yang Construction Co., Ltd. To be in charge of this investment project and plan development strategies.

7. Passed with no dissenting opinions in the 22nd meeting of the 2nd Audit Committee on November 7, 2022:

- (1) Proposal for the extension of the credit limit for the Company's expiring loan from IBFC.
- (2) Proposal for the extension of the credit limit for the Company's expiring loan from Mega Bills Finance Co., Ltd.
- (3) The Company's plan to apply for the extension of the loan facility and joint endorsements and guarantees with East Keelung Branch of Taiwan Cooperative Bank for the "Good morning, Kuo Yang" joint investment and development project in Keelung, and related matters.
- (4) Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring loan contract with O-Bank enacted for the extension of guarantee credit limit for the performance bond, and working capital for unsold houses in Ruhaku Area of the "The Green Place" development project.

- (5) The Company proposed to provide joint endorsements and guarantees for the performance bond of Wei Li International Development Co., Ltd.'s "The Green Place" pre-sale condos.
 - (6) With regard to the Company's joint investment and development of land on Longzhong Section, Gushan District, Kaoshiung City with six companies including Wei Li International Development Co., Ltd., the Company intended to purchase land to be used for the transfer of building bulk ratio bonus to apply for a working capital financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The Company continued to provide joint guarantee.
 - (7) With regard to the Company's joint investment and development of land on Jiangbei Section, Xizhi District, New Taipei City with four companies including Wei Li International Development Co., Ltd., the Company intended to purchase land to be used for the transfer of building bulk to apply for a working capital financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The Company continued to provide joint guarantee.
 - (8) The Company's subsidiary Shen Yang Construction Co., Ltd. seeks for approval from parent company for its intended application for financing capital limit from Lingya Branch of Land Bank of Taiwan for the purchase of land on Mingsheng Section, Qianjin District, Kaohsiung City.
8. Passed with no dissenting opinions in the 23rd meeting of the 2nd Audit Committee on December 19, 2022:
- (1) The Company's 2023 budget.
 - (2) Proposal for the renewal of the Company's expiring loan facility with O-Bank.
 - (3) The Company's subsidiary Shen Yang Construction Co., Ltd. seeks for joint endorsement and guarantee from parent company for its intended application for financing capital limit from Lingya Branch of Land Bank of Taiwan.
 - (4) Approval to rename the Company's "Management and Operating Procedures for Preventing Insider Trading" as "Procedures for Handling Material Inside Information and Preventing Insider Trading" and to amend certain articles.
 - (5) Approval of the amendment to certain articles of Company's "Rules of Procedure for the Board of Directors' Meetings".
 - (6) Preparation of the Company's 2023 audit plan.
 - (7) The Company's proposed investment of NT\$23,090,025 in Grand Hi-Lai Hotel Co., Ltd.

(II) With the exception of the aforementioned items, any issues that are not agreed by the Audit Committee but passed by more than two-thirds of all Directors: None.

II. Independent Directors abstaining in certain proposals for being a stakeholder(the name of the Independent Director(s), the content of the proposal, reasons for abstentions and the results of voting counts shall be stated): None

III. Independent Directors' communication with chief internal auditor and CPAs (including material items, methods, and results of communication over the Company's financial and business status etc.).

(I) Policy for communication between Independent Directors and the Chief Internal Auditor: The Company's Chief Auditor communicates the contents of the audit report and follow-up implementations to the Independent Directors at least four times each year, and prepares internal audit reports during the quarterly meetings of the Audit Committee.

In the event of a material discrepancy, the report shall also be immediately submitted to the Independent Directors. No major discrepancies were found in 2022 and the communication between Independent Directors and the Company's Chief Internal Auditor in 2022 was good.

● **Summary on past communications between Independent Directors and Chief Internal Auditor:**

Date	Matters communicated	Suggestions and handling results
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2022/3/21	1. Audit Report for Q4 2021 2. The implementation status of the 2021 internal control system self-evaluation 3. Consultation and communications regarding the design and executions of the internal control system	Independent Directors suggested to specify the reasons for amending the internal procedures, and the recommendation has been adopted and corrections have been made accordingly.
2022/5/10	1. Audit Report for Q1 2022 2. Consultation and communications regarding the design and executions of the internal control system	Described the possible effects on the Company's financial investments and product sales from the recent severe fluctuations in the financial market; the rest were approved without objection.
2022/8/8	1. Audit Report for Q2 2022	No objection
2022/11/7	1. Audit Report for Q3 2022 2. Inquired for opinions regarding items to be included in the audit plan for the following year	No objection

(II) Policy for communication between Independent Directors and CPAs:

The CPA communicates and discusses the Company's financial position and internal control reviews with the Independent Director at least once a year, and explains major adjustments or effects from legal amendments.

● **Summary of past communications between Independent Directors and CPAs**

Date	Matters communicated	Suggestions and handling results
2022/3/21	Implementation status of the 2021 financial statements audit	No objection

Note:

- * If an Independent Director has resigned before the end of the year, the resignation date must be specified in the remarks section. The attendance rate(%) shall be calculated by dividing the number of the Audit Committee meetings held during the period by the number of the meetings that the Independent Director has actually attended.
- * If Independent Directors are re-elected before the end of the fiscal year, incoming and outgoing Independent Directors should be listed accordingly, and the "remark" column should indicate whether the status of an Independent Director is "outgoing" , "incoming" or "re-elected", and the date of the election. The actual attendance rate(%) is calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

Supervisors' Participation in Board Meetings

The Company held an election of all Directors on June 8, 2017 and established the Audit Committee to replace supervisors in accordance with laws.

(III) Corporate governance implementation status, deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Has the Company established and disclosed its code of practice on corporate governance based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Board of Directors has formulated a Corporate Governance Code of Practice on April 24, 2017 in line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the Code has been disclosed on the Market Observation Post System and the corporate website.	No material deviation
II. Shareholding structure and shareholders' equity				
(I) Has the Company established internal procedures for addressing shareholder suggestions, doubts, disputes, and litigation matters and implemented the procedures accordingly?	V		(I) The Company has appointed spokesperson, deputy spokesperson, and shareholder service unit to process shareholders' suggestions and disputes. The Company also set up the Legal Affairs Department to process the Company's legal affairs and hired professional lawyers for consulting service.	No material deviation
(II) Does the Company have a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders?	V		(II) In line with Article 25 of the Securities and Exchange Act, the Company declares information on changes of equity from substantial shareholders to the TWSE on a monthly basis. In addition, the Company also checks for consistency between the shareholders' register and the reporting information at each book closure period to maintain a close eye on the shareholding status from substantial shareholders at all times. The list of shareholders holding 5% or more of the Company's shares is also disclosed in the quarterly and annual financial statements.	

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(III) Did the company establish and execute risk control mechanism for affiliates, and firewall methods?	V		(III) The Company has formulated "internal control system", "internal audit system", and "Regulations on the Management of Subsidiaries" in line with relevant laws and regulations to execute risk control measures over affiliates.	
(IV) Does the Company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	V		(IV) The Company's Board of Directors has approved the formulation of "Procedures for Handling Material Inside Information and Preventing Insider Trading" to prohibit insiders from trading when they become aware of material inside information.	
III. Composition and duties of the Board of Directors				No material deviation
(I) Has the Board of Directors developed and implemented a diversity policy for the composition of its members and specific management targets?	V		(I) The diversity policy for members of the Board of Directors has been specified in the Company's "Corporate Governance Best Practice Principles". The members of the Board of Directors shall be selected with an emphasis on gender equality and be equipped with the knowledge, skills, and experience necessary for performing their duties in order to achieve the ideal objective of corporate governance. The current Board of Directors is composed of 9 Directors, including 3 Independent Directors and 6 non-Independent Directors. All of whom are experts in their respective industries, and their professional competencies cover a wide range of industries (real estate, land administration, business management, financial planning, and big data and IT etc.).	
(II) Has the Company voluntarily established	V		(II) In addition to setting up the Remuneration Committee	

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>other functional committees in addition to Remuneration Committee and Audit Committee?</p> <p>(III) Has the Company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation at regular intervals each year?</p>	V		<p>and Audit Committee in line with relevant laws, the Company will formulate other types of functional committees based on actual needs in the future.</p> <p>(III) The Company's Board of Directors has formulated the "Rules for Performance Evaluation of Board of Directors", which adopts the evaluation method of internal questionnaire survey. Performance evaluation is regularly conducted once a year. The results of the 2021 performance evaluation were reported to the Board of Directors on May 10, 2022. The results of the 2022 performance evaluation were reported to the Board of Directors on March 14, 2023. In line with the requirement for corporate governance, the Directors can properly discuss and communicate and achieve optimal decisions, as well as fulfill their supervisory functions. The Company's policies, systems, standards, and structure for the performance evaluation, salary, and remuneration of the Directors and managers are regularly reviewed in accordance with the Company's "Remuneration Committee Charter".</p>	
<p>(IV) Does the Company periodically evaluate the level of independence of the CPA?</p>	V		<p>(IV) The Company evaluates the independence of its CPAs on an annual basis. Besides requesting the CPAs to issue a statement of independence using the following evaluation standards, the results are also submitted to the Board of Directors. The company's most recent assessment was based on Audit Quality Indicators (AQIs)</p>	

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons																																	
	Yes	No	Summary																																		
			<p>were discussed and approved by the Audit Committee on March 14, 2023, and submitted to and approved by the Board of Directors' meeting on March 14, 2023.</p> <table border="1"> <thead> <tr> <th>Assessment item</th> <th>Assessment item</th> <th>Compliance of</th> </tr> </thead> <tbody> <tr> <td>1. Whether the CPA has a direct or significant indirect financial interest relationship with the Company</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>2. Whether the CPA engages in any financing or guarantee for the Company or its Directors</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>3. Whether the CPA has a close business relationship and potential employment relationship with the Company</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>4. Whether the CPA or their audit team members have served as Directors or managers at the Company or held a position with a significant influence on the Company's audit case currently or within the last two years</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>5. Whether the CPA has provided the Company with non-audit services that may directly affect the audit work</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>6. Whether the CPA has served as a broker for the shares or other securities issued by the Company</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>7. Whether the CPA has acted as the Company's defender or represented the Company in mediating conflicts with other third parties</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>8. Whether the CPA is a relative of any Director or manager of the Company or a person with a significant influence on the audit work</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>9. Whether the CPA has provided audit services for the Company for seven consecutive years</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>10. Whether a former partner at the CPA's joint accounting firm has joined the Company as a Director, manager, or is a person with a significant influence on</td> <td>No</td> <td>Yes</td> </tr> </tbody> </table>	Assessment item	Assessment item	Compliance of	1. Whether the CPA has a direct or significant indirect financial interest relationship with the Company	No	Yes	2. Whether the CPA engages in any financing or guarantee for the Company or its Directors	No	Yes	3. Whether the CPA has a close business relationship and potential employment relationship with the Company	No	Yes	4. Whether the CPA or their audit team members have served as Directors or managers at the Company or held a position with a significant influence on the Company's audit case currently or within the last two years	No	Yes	5. Whether the CPA has provided the Company with non-audit services that may directly affect the audit work	No	Yes	6. Whether the CPA has served as a broker for the shares or other securities issued by the Company	No	Yes	7. Whether the CPA has acted as the Company's defender or represented the Company in mediating conflicts with other third parties	No	Yes	8. Whether the CPA is a relative of any Director or manager of the Company or a person with a significant influence on the audit work	No	Yes	9. Whether the CPA has provided audit services for the Company for seven consecutive years	No	Yes	10. Whether a former partner at the CPA's joint accounting firm has joined the Company as a Director, manager, or is a person with a significant influence on	No	Yes	
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Assessment item	Implementation status(Note 1)				Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary		
			the audit work within one year of disassociating from the accounting firm?		
			11. Has the CPA violated No. 10 of The Norm of Professional Ethics for Certified Public Accountant of the Republic of China Bulletin regarding independence?	No	Yes
IV. Does the Company have suitable persons in an appropriate number and designated supervisors for corporate governance to take charge of related matters (including but not limited to providing directors and supervisors with materials required for them to carry out their tasks, helping directors and supervisors comply with the law, taking care of board of directors' meetings and shareholders' meetings as required by law, and preparing minutes of board of directors' meetings and shareholders' meetings)?	V		<p>The Company's Board of Directors has resolved to designate Cheng-Hsiung Hsieh as the Corporate Governance Officer. The qualities and suitability of Mr. Hsieh meets the regulations in Paragraph 1, Article 22 and Article 23 in the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies.</p> <p>The scope of responsibilities and obligations of the Corporate Governance Officer include the following:</p> <ol style="list-style-type: none"> 1. Handling matters relating to Board meetings and Shareholders' Meetings according to laws. 2. Producing minutes of Board meetings and Shareholders' Meetings. 3. Assisting in onboarding and continuous development of Directors. 4. Furnishing information required for business execution by Directors. 5. Assisting Directors with legal compliance. 6. Other matters set out in the Articles of Incorporation or contracts. 	No material deviation	

		<p>Key Implementations in 2022:</p> <ol style="list-style-type: none"> 1. Reviewed relevant procedures: <ul style="list-style-type: none"> ■ Amended to Articles of Incorporation ■ Amended the Rules of Procedure for the Board of Directors' Meetings. ■ Amended the Procedures for Handling Material Inside Information and Preventing Insider Trading 2. Handled matters relating to Board meetings and Shareholders' Meetings according to laws. 3. Furnished information required for business execution by Directors. 4. Arranged for continuing education courses for Directors. 5. Filed liability insurance for Directors. 6. Performance evaluation of Directors and functional committees is regularly carried out in each year, and the results are submitted to the Board of Directors. 7. The implementation status of ethical business management is regularly submitted to the Board of Directors in each year. 8. The implementation status of sustainable development is regularly submitted to the Board of Directors in each year. <p>Continuing education courses and hours of the Corporate Governance Officer in 2022:</p>	
Date	Name of the organizer	Name of the course	Hours of continuing education
2022/08/08	Corporate Operating and Sustainable Development Association	Discussion on Taiwanese Business Operation and M&A Strategy From the Perspective of Geopolitical and Economic Situation	3
2022/11/07	Corporate Operating and Sustainable Development Association	The Judicial Act of Directors and Companies	3
2022/11/15	Corporate Operating and Sustainable Development Association	Managing the Legal Risks of Digital Transformation	3
2022/11/24	Corporate Operating and Sustainable	Case Studies of Companies' Material Information Disclosure	3

Assessment item	Implementation status(Note 1)				Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons		
	Yes	No	Summary				
			2022/11/24	Development Association Corporate Operating and Sustainable Development Association	and Responsibilities of the Directors Actual Workings of Corporate Governance, Board of Directors, and Remuneration Committee and Case Studies	3	
V. Has the Company set up channels of communication for stakeholders, (including but not limited to shareholders, employees, customers and suppliers) dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		The Company has set up a Stakeholders Section on the website to provide communication channels for land development, suppliers section, after-sales service, consumer service, shareholders' rights and interests, complaint box, and progress inquiry. We also assigned dedicated personnel to adequately respond to the concerns of stakeholders. https://www.kycc.com.tw/tw/contact_1.php		No material deviation		
VI. Has the Company appointed a professional shareholder service agency to process affairs related to shareholders' meetings?	V		The Company has appointed Grand Fortune Securities Co., Ltd. to process affairs related to shareholders' meetings.		No material deviation		
VII. Information disclosure (I) Has the Company established a corporate website to disclose information regarding the Company's financial, business and	V		(I) The Company has established a corporate website to disclose information regarding the Company's financial, business and corporate governance status: https://www.kycc.com.tw/tw/kuoyang_4.php		No material deviation		

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>corporate governance status?</p> <p>(II) Did the Company adopt other information disclosure methods(such as establishing English websites, assign dedicated personnel to collect and disclose company data, implement the spokesperson system, upload the investor conference processes to the Company's website, etc.)?</p> <p>(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month ahead of schedule before the specified deadline?</p>	V		<p>https://www.kycc.com.tw/tw/kuoyang_2.php.</p> <p>(II) The Company has appointed dedicated personnel to collect Company information and to disclose the contents of the investor conference on the corporate website and implement the spokesperson system.</p> <p>(III) Public announcement and disclosure is conducted before the specified reporting deadline.</p>	
VIII. Does the Company have other information that is helpful for understanding its status of corporate governance(including but not limited to employee rights and interests, employee well-being, investor relations, supplier relations, rights of interested parties, further education sought by Directors and Supervisors, implementation of risk management policies and risk evaluation	V		<p>1. Corporate Social Responsibility section has been set up on the Company's website to assist stakeholders to obtain information related to the operations of corporate governance, including the Company's sustainable management vision, stable building quality, efforts to co-create environmentally friendly buildings, employee care, and the Company's efforts to give back to the society.</p> <p>2. A Stakeholder section has been established on the Company's website, in which relevant mailboxes are</p>	No material deviation

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
standards, implementation of customer policies, the taking out of liability insurance for Directors and Supervisors)?			<p>managed by dedicated personnel, who properly address and respond to topics of stakeholders' concern.</p> <p>3. The Company has arranged for continuing studies for Directors in line with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. All Directors have completed the number of hours of continuing education as required by the competent authority, and the relevant implementations have been disclosed on the Company's website/Investor Relations/Corporate Governance/Board of Directors.</p> <p>4. The Company purchases liability insurance for Directors each year.</p> <p>5. The Company has established the After-Sales Service Department to provide customers with related services.</p> <p>6. The Company has appointed dedicated personnel for supplier management, and we are committed to jointly fulfilling corporate social responsibility. In addition, we also regularly organize supplier conferences.</p> <p>7. The Company has clearly specified the ratio of employee compensations in our Articles of Incorporation. Besides the statutory required benefits for employees, we also purchase group insurance for employees, regularly arrange for employees' health examination, organize internal employee training courses, and the Company's Employee Welfare Committee also regularly organize domestic and overseas employee travels as well as various gatherings.</p>	

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>IX. Please describe the improvement status and provide the items and measures that shall be prioritized for improvement with regard to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year.</p> <p>(I) Improvement actions taken:</p> <ol style="list-style-type: none"> 1. Simultaneously release major news in English. 2. Disclose information regarding the Company's financial, business and corporate governance status on corporate website. 3. Various employee benefits, retirement system, and the protective measures to ensure employees' physical safety and the safety of the workplace environment and relevant executions, have been disclosed on the Company's website and the Annual Report. 4. Disclosed the identities of stakeholders identified by the Company, the stakeholders' topics of concern, communication channels, and ways to respond to the stakeholders. 5. Uploaded the English version of the notification for Shareholders' Meeting 30 days prior to the date of the meeting. <p>(II) Not yet improved but prioritized items and measures:</p> <ol style="list-style-type: none"> 1. To disclose communication between Independent Directors and internal auditors and accountants on the Company's website. 2. To disclose the internal performance evaluation, evaluation results, and executions of the functional committees on the Company's website. 3. To formulate the Human Rights Protection Policy and substantive management plans and to disclose them on the Company's website. 				

Note: Regardless of whether "Yes" or "No" was selected, explanation shall be provided in the Summary column.

(IV) Composition and operations of the Remuneration Committee:

The Company's Remuneration Committee was established with the approval of the Board of Directors on December 26, 2011 in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" established by the FSC.

The Company's Remuneration Committee was created to assist the Board of Directors the evaluation and supervision of the Company's overall salary and remuneration policy, and the establishment and regular reviews of the level of remuneration for Directors and managers.

(1) Information on members of the Remuneration Committee

Title (Note 1)	Qualificat io	Professional Qualifications and Experience	Fulfillment of Independence Criteria (Note 2)	Number of other public companies in which the member also serves as a member of their remuneration committee
Li-Yen Yang		Graduated from the Department of Business Management, College of Law, National Taiwan University. Qualified in the Senior Examination for Field Operations of Financial Personnel in 1978. He currently serves as the convener of the Company's Remuneration Committee and convener of the Audit Committee. He has more than five years of necessary work experience in legal affairs, business, finance, and corporate affairs and has worked in the finance industry and related fields for nearly 20 years, with experience in legal affairs, corporate finance, and accounting.	<p>Note: The Director meets any of the following criteria in the two years before being elected or during the term of office,</p> <ul style="list-style-type: none"> (1) Not employed by the Company or any of its affiliates. (2) Not a director or supervisor of the company or its affiliates (this restriction does not apply to independent directors in the company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country). (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager as stated in (1) or any of the persons mentioned in (2) and (3). (5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the total issued shares of the company, or a top 5 shareholder, or a director or 	0

Wu-Po Kuo	<p>Graduated with a bachelor's degree, Department of Land Resources, Chinese Culture University and graduated from the Institute of Public Administration, National Chengchi University. Qualified in the Senior Examination for Land Administration in 1975. He currently serves as a member of the Company's Remuneration Committee and a member of the Audit Committee. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the Department of Land Administration of Taipei and National Property Administration of the Ministry of Finance for nearly 20 years, with experience in land administration and finance.</p>	<p>supervisor representative appointed by the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act(excluding independent directors appointed by both the company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).</p> <p>(6) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company(except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).</p> <p>(7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company(except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).</p> <p>(8) Not a director, supervisor, manager, or shareholder holding 5%or more of the shares of a specified company or institution that has a financial or business relationship with the company(this restriction does not apply to specific companies or institutions if they hold more than 20%but less than 50%of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).</p>	0
Chiu-Mu Tseng	<p>Graduated from the Institute of Land Economics, National Chengchi University. He currently serves as a member of the Company's Remuneration Committee and a member of the Audit Committee. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the Department of Land Administration of Taipei for nearly 30 years, with experience in land administration.</p>	<p>(9) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p> <p>(10) Does not meet any of the conditions stated in Article 30 of the Company Act.</p>	0

(2) Operation of Remuneration Committee

I. The Company's Remuneration Committee all independent directors consists of 3 members.

II. Current term for the members:(4th term)

The term of these members is from August 3, 2020 to June 9, 2023

The Remuneration Committee convened a total of 2 meetings(A)in 2022 and the qualifications and attendance information of the members were as follows:

Title	Name	Attendance in person (B)	Attendances by proxy	Attendance in person rate(%) (B/A) (Note 1)	Remarks 2020.8.3 (newly appointed for the 4th term)
Convener	Li-Yen Yang	3	0	100%	
Committee Member	Wu-Po Kuo	3	0	100%	
Committee Member	Chiu-Mu Tseng	3	0	100%	

- 一、 If the Board of Directors did not adopt or revised the recommendations of the Remuneration Committee, it should describe the date of board meeting, term of the board, agenda item, resolutions adopted by the Board of Directors, and actions taken by the Company in response to the opinion of the Remuneration Committee: None.
- 二、 If there are objections or reservations by the members that have been recorded in writing during the Remuneration Committee resolution, the Remuneration Committee meeting's date, period, motion content, the opinions of all members, and handling of the member's opinions must be disclosed in detail: None.

Date	Content of motion	All opinions of Committee Member and the Company's handling of such opinions
4th meeting of 4rd Remuneration Committee January 17, 2022	<p>(1) Review of the monthly salary for the managers of the Company.</p> <p>(2) Review of the salary and remuneration structure of the Company's Directors, Independent Directors, and managers.</p> <p>(3) The Company's 2020 remuneration distribution proposal for board members and employees</p>	Passed unanimously by all Committee Members

<p>5th meeting of 4rd Remuneration Committee March 21, 2022</p>	<p>(1) The Company's 2021 remuneration distribution proposal for board members and employees (2) Review of the Company's "Rank and Salary Range Table." (3) Review of the salary and remuneration structure of the Company's Directors, and managers.</p>	<p>Passed unanimously by all Committee Members</p>
<p>6th meeting of 4rd Remuneration Committee July 4, 2022</p>	<p>The salary, and the terms of employment for the Company's appointment of the level 1 manager for the Development Division.</p>	<p>Passed unanimously by all Committee Members</p>

Note:

- (1) Where a member of the Remuneration Committee resigns before the end of the fiscal year, the "Remarks" column shall state the member's resignation date, whereas his/her rate of attendance in person(%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.
- (2) If members of the Remuneration Committee are re-elected before the end of the fiscal year, incoming and outgoing members shall be listed accordingly, and the "Remarks" column shall indicate whether the status of a member is "Outgoing", "Incoming" or "Re-elected", and the date of the election. The actual attendance rate(%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(3) Information on the members of the Nomination Committee and its operations: This committee has not been developed.

(V) Implementation status of sustainable development, deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
I. Has the company established a governance structure for sustainable development, established an exclusively (or concurrently) dedicated unit to implement sustainable development, and have senior executives appointed by the Board of Directors to be in charge of corporate social responsibility and to report the implementation status to the Board of Directors?		V	The Company has yet to establish a relevant unit.	We are planning to establish a unit related to sustainability.
II. Did the Company establish full-time(part-time)corporate social responsibility promotional units, and did the Board of Directors authorize the senior management to handle such units and report to the Board regarding the handling status?		V	In each year, the Operation and Finance Management Section of the Company's President's Office calls on all departments to join risk management meetings and identify all external risks of various aspects. Chapter 1 of the 2021 Sustainability Report contains a section dedicated to risk management (Pages 25-26), and proposes management policies, response measures, and actions targeting the risks. We are currently drafting our risk management policy.	Draft risk management policy.
III. Environmental issues (I) Has the Company established an appropriate environmental management system based on the characteristics of the industry?	V		(I) The construction contractor appoints field directors for each of the Company's construction projects and they establish appropriate environmental management systems in accordance with related regulations to implement rigorous quality management and standardized procedures, while paying attention to every detail of the construction process.	No material deviation
(II) Is the Company committed to improving the	V		(II) The Company values environmental protection trends	

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
efficiency of the various resources and using recycled materials which have a low impact on the environment?			<p>and corporate social responsibility, and is committed to enhancing the utilization efficiency of various resources:</p> <ol style="list-style-type: none"> 1. We incorporate factors of the four major environmental elements - wind, light, water, and greenery - into our building planning, and actively deploy Green Building, Eco-friendly Building, and Green Building Materials in the products we design. In 2021, 2 of our buildings have received Green Building Label - Gold rank in addition to receiving 1 Silver and 1 Bronze. 2. Construct buildings with natural lighting and ventilation, conserve energy, recycle and reuse water, and incorporate greenery into the building landscape - for instance, the rainwater collection system was deployed in The Green Place in Tainan, in which rainwater is used to water the greenery and as sprinkling system on the pavement to reduce dust, thereby conserving water resources. 3. We comply with relevant environmental protection laws and select qualified construction waste clearance companies to transport the waste to qualified treatment plants for subsequent sorting and treatment. In 2021, our construction waste has been reduced by 10,447 tons compared to 2020, reducing hazardous impact on the environment. 4. Use water-saving faucets, dual flush toilets, and water-saving shower heads with automated spray sensors in residential buildings, and high-efficiency lamps are 	

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
(III) Does the Company evaluate potential risks and opportunities brought on by climate change with regard to the present and future of its business, and take appropriate measures to counter climate change issues?	V		<p>used throughout the walls and ceilings in public areas.</p> <p>5. Digitized internal operating procedures to reduce the carbon emissions from paper making; promote recycling and reuse of photocopied papers; and being committed to sorting and recycling garbage.</p> <p>6. Plan and segment air conditioners in public areas based on the hours of use in order to select proper air conditioning systems with high-efficiency machines based on actual and expected thermal load.</p> <p>(III) The Company convenes annual risk management meetings and incorporates climate change factors into plans and decision making for business strategies to evaluate the potential opportunities and risks of climate change for the Company. The environmental risks identified in 2021 include land and environmental management, greenhouse gas emissions and management, energy and waste management, and waste management (corresponding measures are listed below). The Task Force on Climate-Related Financial Disclosures (TCFD) mechanism was deployed in 2022 to examine the effects of climate change on the Company's financial performance, and we will adopt relevant measures in the future based on the evaluation results.</p> <p>1. Land and environmental management: The construction contractor appoints field directors for construction projects and they establish appropriate environmental management systems in accordance</p>	

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>with related regulations to implement rigorous quality management and standardized procedures, while paying attention to every detail of the construction process.</p> <p>2. Greenhouse gas emissions and management: The Company has yet to formulate substantive measures for this subject.</p> <p>3. Energy and resource management: Incorporate wind, light, water, and greenery designs into building planning to maintain the ecological environment, and use water-saving, energy-saving, and highly efficient air conditioning systems and recycle and reuse papers etc.</p> <p>4. Waste management: Select qualified construction waste clearance companies for waste transportation to qualified treatment plants for subsequent sorting and treatment. In 2021, our construction waste has been reduced by 10,447 tons compared to 2020, reducing hazardous impact on the environment.</p> <p>(IV) Though the Company has not formulated energy conservation and carbon reduction and GHG reductions strategies, to keep up with international trends for relevant reductions, we have actively implemented various environmental protection, energy-saving, and resource reduction measures:</p> <p>1. Launched green buildings to mitigate the impacts from climate change.</p> <p>2. Use energy-saving equipment with high energy</p>	

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
			<p>efficiency to reduce energy consumption.</p> <p>3. Focus on water resource usage; rainwater collection system was deployed in The Green Place in Tainan, in which rainwater is used to water the greenery and as sprinkling system on the pavement to reduce dust, thereby conserving water resources.</p> <p>4. Waste management policy: Select qualified construction waste clearance companies for waste transportation to qualified treatment plants for subsequent sorting and treatment. In 2021, our construction waste has been reduced by 10,447 tons compared to 2020.</p> <p>5. Digitized internal operating procedures to reduce the carbon emissions from paper making; recycling and reuse of photocopied papers; and sorting and recycling garbage</p>	
<p>IV. Social issues</p> <p>(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p>(I) The Company shall comply with relevant labor laws and regulations, protect the legal rights and interests of employees, respect internationally recognized principles of the labor force's human rights, and shall not commit violations against the fundamental labor rights.</p> <p>The Company's human resources policy should respect the principles of basic human rights protection, and we have formulated "Child Labor and Female Worker Protection Regulations", "Regulations for the Prevention, Complaint, and Punishment of Workplace</p>	No material deviation

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
(II) Does the company establish and implement reasonable employee benefits(including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee compensation?	V		<p>Sexual Harassment", and "Employee Education and Training Regulations" and other relevant management methods and procedures.</p> <p>(II) Employees are the most important assets to an enterprise. Upholding a people-oriented belief, we have built a friendly workplace environment. To create stable talent retention, on top of regularly organizing health examinations for employees, overseas and domestic group travels, and employee gatherings to help them achieve healthy work-life balance, we have also formulated the "HR Management Rules", "Procedures for Employees' Leave Without Pay", "Rules for Employees' Leave of Absence", "Management Regulations for Subsidies for Wedding and Funerals", "Employees' Retirement Procedures" and "Management Regulations for Employees' Overtime Work" and other relevant standards to protect the employees' rights. In addition, the Company's business performance is linked with ranks and responsibilities, and we allocate 0.5% to 5% of profits as employees' remuneration in accordance with the Articles of Incorporation to properly feed back business and management results to our employees. However, in case of accumulated deficit, sufficient amount should be kept to make up for losses. The Company has also formulated the Employee Welfare Committee to focus on various employee benefits. These include group insurance, health examination, marriage and birthday allowances, bonuses for the</p>	

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
(III) Does the Company provide a safe and healthy working environment and provide employees with regular safety and health training?	V		<p>three traditional major holidays, education and training, and visits/tours to build a friendly workplace environment that strengthens employee happiness and sense of belonging.</p> <p>(III) The Company complies with labor and occupational safety policies and provides a safe and decent workplace environment.</p> <ol style="list-style-type: none"> 1. The workplace has been equipped with blood pressure monitor, Automated External Defibrillator (AED), alcohol-based sanitizers purchased during COVID-19 preventions, COVID rapid test kits, gloves, and pulse-oximeters as well as other protective measures in order to help employees with health management. 2. Signed agreement for UDN Clinic to serve as dedicated medical institution, which would provide necessary assistance in case of emergency. 3. Set up security and access control system to ensure the safety of employees' work environment. 4. Provide a workplace environment with sufficient lighting and good air quality. 5. Regularly organize safety and health mediation meetings for construction projects to ensure the safety of the construction site. 6. On-site construction workers are required to show health examination reports to ensure all personnel entering the site are safe and are assigned with bearable workload. 7. Employees working on construction sites are required 	

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
(IV) Has the Company established an effective career development training program for employees?	V		to have a 6-hour labor "general safety and health training permit" before access will be granted. 8. Fire prevention manager training preliminary course was organized in 2022. (IV) The Company nurtures employees' hard and soft skills and develop their industry-specific experiences through arranging diverse internal and external training courses, and visiting construction projects from other companies. In addition, we have also formulated effective internal promotional mechanism to develop candidates for succession in the future. Organized "CFO Training Course" in 2022 to inspire creativity at work, thereby strengthening professional practice.	
(V) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures?	V		(V) The Company complies with all relevant consumer protection laws and regulations and cares about the rights and interests of home buyers. We strictly comply with client confidentiality to make sure that customers are not only satisfied with the quality of our buildings, but their privacy is also protected. Moreover, we also provide after-sale warranty service, which covers 15 years of structural warranty, 3 years of water-leak warranty, and 1 year of building material and equipment warranty. In addition, we also provide customer handover manual and Home Go smartphone app, which includes descriptions of home equipment, transportation, hospitals, and special scenic spots surrounding the community, as well as maintenance and fixture and other home services information,	

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
(VI) Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.	V		<p>thereby ensuring the comfort of customers. The Company has designated customer service personnel on its website and uses the 0800 service hotline, email, and face-to-face meetings to fully understand customer requirements, formulate improvement measures, and quickly respond to customers in order to provide the fastest service based on home buyers' opinions.</p> <p>(VI) The Company has established relevant terms in Paragraphs 2 and 3 in Article 26 of the Sustainable Development Best Practice Principles. Moreover, the Company has also established the "Construction Procurement Management Regulations" and strictly implements the supplier management and auditing system. All projects are evaluated after completion. We implement overall evaluations based on progress control, project quality, safety, health, environmental protection, project management, coordination, and cooperation. To enhance the construction quality from suppliers, the Company has set up selection process and supplier evaluation, as well as supplier database. Additionally, the Company organizes supplier conference in each year to build a platform for communications and interactions.</p>	
V. Does the Company prepare corporate social responsibility reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the Company obtain third-party assurance or qualified opinion for the reports above?	V		The Company's Sustainability Report is prepared in accordance with the GRI Standards published by the Global Reporting Initiative (GRI). The financial data used in the Report are based on public information audited by the CPA. Nevertheless, the Company's report has yet to receive third-party verification.	No material deviation

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed companies and reasons
	Yes	No	Summary(Note 2)	
VI. If the Company has established Sustainable Development guidelines by following the Sustainable Development- Best Practice Principles for TWSE/TPEX Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles: None				
VII. Other important information that facilitates the understanding of the implementation of Sustainable Development:				
<ol style="list-style-type: none"> 1. The Company upholds the CSR values of "responsibility" and "warmth", and utilizes our core competencies to fulfill corporate ESG. Externally, we contribute toward environmental and social sustainability by constructing buildings with high environmental quality using rigorous standards; alternatively, internally, we are committed to the sustainable operations of our business by strengthening corporate governance and implementing well-rounded employee care. 2. We create innovative products based on their unique environmental conditions using the four environmental factors of wind, light, water, and greenery. In residential buildings, we focus on health and environmentally friendliness; in plants and offices, we actively deploy smart, energy-saving "5A" design and planning. Our construction process is transparent and we implement lifetime annual property inspections and provide smartphone app to enhance the community and provide building management services. 3. The Company adheres to a principle of nondiscrimination, equality, and respect. Besides ensuring competitive compensations and benefits, we also treat employees with friendliness, respect gender equality, care for employees' physical and mental health, and for the workplace environment to build a happy workplace. 4. We are committed to occupational safety and health management and have established a construction standard with zero compromise. We actively execute management procedures, reinforce construction site management, promote safety awareness to workers, and reduce work-related injury rate to maintain the safety of our employees and partners and build a hazard-free, incident-free workplace environment, thereby fulfilling our promise for safety to employees. 5. The Company values environmental protection trends and the utilization efficiency of various resources: <ul style="list-style-type: none"> ■ Focus on going green and plant various plants at construction projects to purify air quality. ■ Rainwater collection system is deployed, in which rainwater is used to water the greenery and as sprinkling system on the pavement to reduce dust, thereby conserving water resources. ■ Focus on the use of environmentally friendly and toxic-free building materials so that customers may safely reside in their new homes. ■ Monitor environmental CO2 in office buildings and car parks to maintain a comfortable environment and safeguard employees' health. 				

Note 1: If "Yes" is selected in the operating status, please explain the important policies, strategies, and measures adopted, and the implementation status; if "No" is selected in the operating status, please specify the reason and explain related future policies and plans for strategies and measures.

Note 2: If the Company has produced the Corporate Social Responsibility Report, the Company may reference the Corporate Social Responsibility Report or

indicate the page number in the operating status.

Note 3: The materiality principle refers to related environmental, social, and governance issues that may cause material impact on the Company's investors and other stakeholders.

(VI) Implementation of ethical corporate management, deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons

Implementation of ethical corporate management

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
I. Establishment of ethical management policies and solutions				No material deviation
(I) Has the Company implemented an Ethical Corporate Management Policy approved by the Board of Directors and stated its ethical corporate management policy and practices as well as the active commitment of the Board of Directors and management towards enforcement of such policy in its regulations and external correspondence?	V		(I) The Company's Board of Directors has approved the formulation of Ethical Corporate Management Best Practice Principles, which is disclose on our website and aims to fulfill corporate governance and risk control mechanism. The Company also promotes ethical corporate management training internally to employees, and the training results are reported to the Board.	
(II) Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		(II) The Company's Audit Division drafts relevant audit plan and executes it accordingly to prevent relevant risks. To prevent unethical conduct, the Company has also set up a reporting mailbox (https://www.kycc.com.tw/tw/contact_8.php) as a channel for reporting improper conduct that violates ethical corporate management.	
(III) Does the Company clearly provide its operating	V		(III) To implement ethical management values and	

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments?			policies, the Company established the "Code of Ethics" which specify the operating procedures, code of conduct, and disciplinary actions for implementation.	
<p>II. Implementation of ethical management</p> <p>(I) Does the Company evaluate the integrity of all transaction counterparties and stipulate integrity clauses in the agreements it signs with transaction counterparties?</p> <p>(II) Does the Company have a unit responsible for ethical corporate management on a full-time(part-time)basis under the Board of Directors which reports to the Board of Directors the Ethical Corporate Management Policy and programs against unethical conduct regularly(at least once a year)?</p> <p>(III) Has the Company established policies to prevent conflict of interests, provided appropriate channels for</p>	V		<p>(I) The Company's Ethical Corporate Management Best Practice Principles specifies that the Company should engage in business activities using methods that are fair and transparent. Before starting a business relationship, the Company considers the legality of a distributor, supplier, customer, or other counterparty in a transaction and any record of unethical conduct in the past in order to avoid engaging with parties with a record of unethical conduct.</p> <p>(II) The Company has yet to establish a dedicated (concurrent) unit, and we regularly report relevant executions to the Board of Directors on an annual basis. The results of the ethical corporate management training in 2022 were reported to the Board on March 14, 2023.</p> <p>(III) Moreover, the Company's Ethical Corporate Management Best Practice Principles specifies</p>	No material deviation

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
<p>filing related complaints and implemented the policies accordingly?</p> <p>(IV) Does the Company have effective accounting and internal control systems in place to uphold business integrity? Does the internal audit unit follow the</p>	V		<p>that the Company's Directors shall exercise a high degree of self-discipline. A Director may offer his opinion and answer related questions but is prohibited from participating in discussion of or voting on any proposal of a Board of Directors' meeting where the Director or any institution that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a Director vote on such proposal as proxy for any other Director in such circumstances.</p> <p>Moreover, the Company's Code of Ethical Conduct specifies that applicable targets should refrain from having their personal interest intervene with, or is likely to intervene in the overall interest of the Company, and should also refrain from being in a position where they may to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The Company should pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which applicable targets work.</p> <p>(IV) The Company complies with relevant laws and has established a comprehensive accounting system and follows the IFRS international</p>	

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
<p>results of risk assessments for unethical behavior and devise plans to audit the systems accordingly to prevent unethical conduct, or hire accountants to conduct the audits?</p> <p>(V) Does the Company periodically provide internal and external training programs on ethical management?</p>	V		<p>accounting system to ensure the reliability of our financial reporting. The internal control system is designed and implemented in accordance with the principle of ethical corporate management, and is reviewed at all times to ensure that the internal control system is executed in practice. In addition, the accountants and internal auditors all operate effectively in line with relevant procedures.</p> <p>(V) The Company organizes internal ethical corporate management training courses, and the contents of these courses are also uploaded to our internal administrative and management system. The course is given online. Externally, we also disclose information related to ethical corporate management on the Governance section of our website.</p>	
<p>III. Operations of the Company's whistleblowing system</p> <p>(I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?</p>	V		<p>(I) The Company's Code of Ethical Conduct raises awareness of ethics, and encourage employees to report to appropriate and independent individual upon suspicion or discovery of any activity in violation of a law or regulation or the Code of Ethical Conduct. To encourage employees to report unlawful conduct, the Company will strive to protect the safety of the whistleblower from any possible retaliation. We</p>	No material deviation

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
(II) Has the Company established standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		maintain confidential on any file or information reported and properly implements access control. (II) The Company's Code of Ethical Conduct specifies that the whistleblower's identity and contents of the report should be kept confidential.	
(III) Has the Company set up protection for whistleblowers to protect them from inappropriate measures as a result of reporting such incidents?	V		(III) The Company's Code of Ethical Conduct specifies that, to encourage employees to report unlawful conduct, the Company will strive to protect the safety of the whistleblower from any possible retaliation, and maintain confidential on any file or information reported and properly implements access control. The Company's independent reporting mailbox is handled by dedicated personnel, and measures have been implemented to ensure the safety of the whistleblower.	
IV. Enhancing information disclosure (I) Has the Company disclosed its integrity principles and progress onto its website and Market Observation Post System?	V		The Company has disclosed information related to ethical corporate management on the corporate website and the Market Observation Post System.	No material deviation
V. If the Company has implemented its own Ethical Corporate Management Principles by following the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles: No deviation				
VI. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management:(e.g., review and				

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and reasons
	Yes	No	Summary	
amendment of the Company's Ethical Corporate Management Principles)				
(I) The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, TWSE/TPEX listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management. (II) The regulations for the prevention of conflicts of interests for Directors and stakeholders have been specified in the Company's "Rules of Procedure for the Board of Directors' Meetings" ,"Ethical Corporate Management Best Practice Principles" , "Code of Ethics", and "Remuneration Committee Charter". (III) The Company has amended the "Procedures for Handling Material Inside Information and Preventing Insider Trading" to create positive mechanisms for processing and disclosing material insider information to prevent inappropriate information disclosure. (IV) 1.The Company requires employees to perform fiduciary duties when engaging in business activities and prohibits them from direct or indirect acceptance any forms of illegitimate benefits. The Company emphasizes the importance of ethical conduct in the training for new employees. 2.The Company strengthens controls over activities with higher risks business through the division of functions and the design and implementation of internal control systems to prevent the occurrence of unethical conduct. 3. Where there is a conflict of interest in any decision or transaction that may conflict with the interests of the Directors, Supervisors, and managers, such individuals shall recuse themselves from the decision or vote				

(VII) Disclosure of the Company's corporate governance principles and related guidelines if they have been established: Detailed on the Company's website(<https://www.kycc.com.tw>) °

(VIII) Other significant information which may improve the understanding of the implementation of corporate governance: Please refer to the Corporate Governance Report in the Annual Report.

(IX) Status of implementation of internal control system

1. Statement on Internal Control

Kuo Yang Construction Co., Ltd.

Statement on Internal Control

Date: March 14, 2023

This Statement on Internal Control is issued based on the self-assessment results of the Company for 2022:

- I. The Company recognizes that the establishment, execution, and maintenance of its internal control policies are the responsibilities of the Company's Board of Directors and managerial officers; such policies have been implemented throughout the Company. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations(including profitability, performance and security of assets), reliability, timeliness, and information transparency of reports and compliance with relevant regulatory requirements.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the effectiveness of the internal control system may vary due to changes in the environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Monitoring operations. Each component also comprised several items. For more information on the aforementioned items, please refer to the "Regulations".
- IV. The Company has adopted the aforementioned internal control system judgment items to assess the effectiveness of the internal control system design and implementation.
- V. Based on the aforementioned evaluation results, the Company holds that it has reasonably assured the achievement of the aforementioned with the internal control system as of December 31, 2022(including the monitoring over the subsidiaries), including understanding the effectiveness and efficiency in operation, reliability and transparency in timely reporting, and compliance with relevant regulatory requirements, and that the design and enforcement of internal control are effective.
- VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement has been passed by the meeting of the Company's Board of Directors held on March 14, 2023, where 0 of the 9 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Kuo Yang Construction Co., Ltd.

Chairman: Tzu-Kuan Lin

President: Shao-Ling Peng

2. If the Company engages an accountant to examine its internal control system, disclose the CPA audit report: None.

(X) Penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations if such violation may have significant impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent fiscal year and as of the date of the Annual Report: None

(XI) Important resolutions adopted in shareholders' meeting and Board of Directors' meeting in the past year and up to the date of Annual Report

Shareholders' Meetings	Important resolutions	Implementation status
2022/06/17	<ol style="list-style-type: none"> 1. Ratification of the 2021 Business Report and Financial Statements. 2. Ratification of 2021 earnings distribution proposal. 	<ol style="list-style-type: none"> 1. Resolutions were announced in accordance with Article 230 of the Company Act. 2. 2021 Q4 Cash dividends not distributing

Item No.	Date of board meeting	Important resolutions
1st meeting in 2022	2022/01/17	<ol style="list-style-type: none"> 1. The Company's 2020 remuneration distribution proposal for board members and employees. 2. The Company's wholly-owned subsidiary Shang Yang International Asset Management Co., Ltd. intends to set up Pao Yue Landscape Co., Ltd. with the natural person Cheng-Ju Li. The equity investment is 51% and the estimated total investment will be within NT\$5,100,000. 3. The Company's wholly-owned subsidiary Shen Yang Construction Co., Ltd. acquired land on Plot 9, Shengli Section, Fengshan District, Kaohsiung City through a joint investment and development in collaboration with Tsang Hsin Construction Co., Ltd. They jointly applied for a building financing limit and trust matters with the Agricultural Bank of Taiwan and requested Shen Yang Construction Co., Ltd. to provide joint guarantee. They issued a letter to request permission from the parent company. <p>Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.</p>
2nd meeting in 2022	2022/03/21	<ol style="list-style-type: none"> 1. The Company's 2021 individual and consolidated financial statements 2. The independence evaluation of the certifying CPAs for 2022. 3. The Company's 2020 remuneration distribution proposal for board members and employees. 4. Review of the Company's "Rank and Salary Range Table" 5. Review of the salary and remuneration structure of the Company's Directors, Independent Directors,

Item No.	Date of board meeting	Important resolutions
		<p>and managers.</p> <ol style="list-style-type: none"> 6. Proposal for the amendment of the "Articles of Incorporation" 7. Proposal for the amendment of the "Procedures for Acquisition or Disposal of Assets" 8. Added equity investment targets in accordance with the "Investment Review Implementation Guidelines" 9. The Company plans to work with six companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Longzhong Section, Gushan District, Kaohsiung City 10. The Company's "Statement on Internal Control" was based on evaluation results of the effectiveness of the overall internal control system which stated that "the internal control system was effective in terms of design and execution, and complies with all laws and regulations" 11. Proposal for the Company's 2022 general shareholders' meeting and related matters <p>Note 1: Except for the resolution in Item 9: The Directors Tzu-Kuan Lin, Jer-Shyong Tsai, Chien-Pung Ruan, and Chia-Chi Hou recused themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance.</p> <p>Note 2: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair..</p>
3rd meeting in 2022	2022/03/30	<ol style="list-style-type: none"> 1. The Company's 2021 Business Report. 2. The Company decided not to distribute dividends for 2021 Q4. 3. The Company intends to sign a joint venture agreement with Taiwan Life Insurance Co., Ltd. to set up a project company and sign an implementation contract with Kaohsiung City Government. 4. The Company intends to set up a new company in a joint venture with Taiwan Life Insurance Co., Ltd. The equity investment is 80% and the estimated total investment will be within NT\$4,000,000 thousand. 5. The Company entered a joint venture with Taiwan Life Insurance Co., Ltd. for the establishment of Star Epoch International Co., Ltd. and nominated Directors and Supervisors. <p>Note 1: Except for the resolution in Item 5: The Directors Tzu-Kuan Lin and Chia-Chi Hou recused</p>

Item No.	Date of board meeting	Important resolutions
		<p>themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance.</p> <p>Note 2: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair.</p>
4th meeting in 2022	2022/05/10	<ol style="list-style-type: none"> 1. Revision of the 2021 earnings distribution proposal. 2. The Company's 2022 Q1 Business Report. 3. The Company decided not to distribute dividends for 2022 Q1. 4. Proposal for the extension of the Company's expiring loan facility with Jih Sun International Bank Xinyi Branch. 5. With regard to the Company's joint investment and development of land on Zhongxing Section, Sanchong District, New Taipei City with four companies including Wei Li International Development Co., Ltd., the Company intended to purchase land to be used for the transfer of building bulk to apply for a working capital financing limit from First Bank with Wei Li International Development Co., Ltd. as the borrower. In addition, the Company will provide joint guarantee. 6. With regard to the joint investment and development of land on Longzhong Section, Gushan District, Kaoshiung, with six companies including Wei Li International Development Co., Ltd., the Company intended to use the land as collateral to apply for a land financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The financing bank requested the Company to provide joint guarantee and credit extension. 7. With regard to the Company's joint investment and development of land on Jiuzong Section, Neihu District, Taipei City with five companies including Wei Li International Development Co., Ltd., the Company intended to apply for a change in the original borrower as well as matters related to construction financing credit. 8. The Company's greenhouse gas inventories and planned schedule for relevant verifications. <p>Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair. °</p>

Item No.	Date of board meeting	Important resolutions
5th meeting in 2022	2022/07/04	<ol style="list-style-type: none"> 1. The Company's investment of NT\$36,457,935 in Grand Hi-Lai Hotel Co., Ltd. 2. The Company plans to work with four companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Jiangbei Section, Xizhi District, New Taipei City. 3. The salary, and the terms of employment for the Company's appointment of the level 1 manager for the Development Division. <p>Note 1: Except for the resolution in Item 2: The Directors Tzu-Kuan Lin, Jer-Shyong Tsai, Chien-Pung Ruan, and Chia-Chi Hou recused themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance.</p> <p>Note 2: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair.</p>
6th meeting in 2022	2022/08/08	<ol style="list-style-type: none"> 1. The Company's 2022 Q2 consolidated financial statements. 2. The Company's 100% owned subsidiary, Ascent Development CO., Ltd. plans to work with three companies including Shen Yang Construction Co., Ltd. for joint investment in the land development project on Zhongyuan Section, Zhonghe District, New Taipei City. 3. With regard to the joint investment and development of land on Jiangbei Section, Xizhi District, New Taipei City, with four companies including Wei Li International Development Co., Ltd., the Company intended to use the land as collateral to apply for a land financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The financing bank requested the Company to provide joint guarantee and credit extension. 4. Proposal for amending certain articles of "Investment Management Regulations" and "Investment Review Implementation Guidelines". 5. The Company intended to develop land on Minsheng Section in Qianjin District, Kaohsiung City, and proposed to designate subsidiary Shen Yang Construction Co., Ltd. To be in charge of this investment project. <p>Note 1: Except for the resolution in Item 2: The Directors Jer-Shyong Tsai, Chien-Pung Ruan, and Chia-Chi Hou recused themselves in accordance with Article 206 of the Company Act, and the</p>

Item No.	Date of board meeting	Important resolutions
		<p>proposal was passed unanimously by all other Directors in attendance.</p> <p>Note 2: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair.</p>
7th meeting in 2022	2022/11/07	<ol style="list-style-type: none"> 1. Proposal for amending certain articles of "Investment Management Regulations" and "Investment Review Implementation Guidelines". 2. Proposal for the extension of the credit limit for the Company's expiring loan from IBFC. 3. Proposal for the extension of the credit limit for the Company's expiring loan from Mega Bills Finance Co., Ltd. 4. The Company's plan to apply for the extension of the loan facility and joint endorsements and guarantees with East Keelung Branch of Taiwan Cooperative Bank for the "Good morning, Kuo Yang" joint investment and development project in Keelung, and related matters. 5. Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring loan contract with O-Bank enacted for the extension of guarantee credit limit for the performance bond, and working capital for unsold houses in Ruhaku Area of the "The Green Place" development project. 6. The Company proposed to provide joint endorsements and guarantees for the performance bond of Wei Li International Development Co., Ltd.'s "The Green Place" pre-sale condos. 7. With regard to the Company's joint investment and development of land on Longzhong Section, Gushan District, Kaoshiung City with six companies including Wei Li International Development Co., Ltd., the Company intended to purchase land to be used for the transfer of building bulk ratio bonus to apply for a working capital financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The Company continued to provide joint guarantee. 8. With regard to the Company's joint investment and development of land on Jiangbei Section, Xizhi District, New Taipei City with four companies including Wei Li International Development Co., Ltd., the Company intended to purchase land to be used for the transfer of building bulk to apply for a working capital financing limit from Chang Hwa

Item No.	Date of board meeting	Important resolutions
		<p>Bank with Wei Li International Development Co., Ltd. as the borrower. The Company continued to provide joint guarantee.</p> <p>9. The Company's subsidiary Shen Yang Construction Co., Ltd. seeks for approval from parent company for its intended application for financing capital limit from Lingya Branch of Land Bank of Taiwan for the purchase of land on Mingsheng Section, Qianjin District, Kaohsiung City.</p> <p>Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.</p>
8th meeting in 2022	2022/12/19	<ol style="list-style-type: none"> 1. The Company's 2023 budget ◦ 2. Proposal for the renewal of the Company's expiring loan facility with O-Bank. 3. The Company's subsidiary Shen Yang Construction Co., Ltd. seeks for joint endorsement and guarantee from parent company for its intended application for financing capital limit from Lingya Branch of Land Bank of Taiwan. 4. Approval to rename the Company's "Management and Operating Procedures for Preventing Insider Trading" as "Procedures for Handling Material Inside Information and Preventing Insider Trading" and to amend certain articles. 5. Approval of the amendment to certain articles of Company's "Rules of Procedure for the Board of Directors' Meetings". 6. Preparation of the Company's 2022 audit plan ◦ 7. The Company's proposed investment of NT\$23,090,025 in Grand Hi-Lai Hotel Co., Ltd. <p>Note 1: Except for the resolution in Item 2: The Directors Tzu-Kuan Lin, Chia-Chi Hou, and Tung-Ming Su recused themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance.</p> <p>Note 2: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair.</p>
1st meeting in 2023	2023/01/10	<ol style="list-style-type: none"> 1. The Company proposes to increase the range of salary for each rank in the "Rank and Salary Range Table". 2. Review of the salary and remuneration structure of the Company's Directors and managers ◦ 3. The Company's 2020 and 2021 remuneration distribution proposal for board members and employees. <p>Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance</p>

Item No.	Date of board meeting	Important resolutions
		following an inquiry by the chair.
2nd meeting in 2023	2023/03/14	<ol style="list-style-type: none"> 1. The Company's 2022 individual and consolidated financial statements ◦ 2. The independence evaluation of the certifying CPAs for 2023 ◦ 3. The Company's 2023 CPA appointment. 4. The Company proposes to pre-authorize CPA, the accounting firm, and its related enterprises to provide non-assurance services for the Company and its subsidiaries. 5. The Company's 2022 business report. ◦ 6. The Company's 2021 earnings distribution. ◦ 7. Proposed remuneration for directors and employees in 2022 ◦ 8. With regard to the Company's joint investment and development of land on Jiangbei Section, Xizhi District, New Taipei City with four companies including Wei Li International Development Co., Ltd., the Company intended to apply for a working capital financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The Company continued to provide joint guarantee. 9. With regard to the Company's joint investment and development of land on Zhongxing Section, Sanchong District, New Taipei City with four companies including Wei Li International Development Co., Ltd., the Company intended to apply for a change in the original borrower as well as matters related to construction financing credit from First Bank. 10. The Company's subsidiary Shen Yang Construction Co., Ltd. seeks for approval from parent company and joint endorsement/guarantee for its application for financing capital limit from Longjiang Branch of Hwa Nan Bank for the purchase of land on Mingsheng Section, Qianjin District, Kaohsiung City. 11. Proposal for the amendment of the "Articles of Incorporation" 12. The Company's 2020 "Statement on Internal Control" was based on evaluation results of the effectiveness of the overall internal control system which stated that "the internal control system was

Item No.	Date of board meeting	Important resolutions
		<p>effective in terms of design and execution, and complies with all laws and regulations"</p> <p>13. Election of all of the Company's Directors.</p> <p>14. Proposal for the Company's 2023 general shareholders' meeting and related matters.</p> <p>Note 1: Except for the resolution in Item 8: The Directors Tzu-Kuan Lin, Jer-Shyong Tsai, Chien-Pung Ruan, and Chia-Chi Hou recused themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance</p> <p>Note 2: Except for the resolution in Item 9: The Directors Jer-Shyong Tsai, Chien-Pung Ruan, and Chia-Chi Hou recused themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance</p> <p>Note 3: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair.</p>

(XII) Dissenting or qualified opinion of Directors or Supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of the Annual Report: None

(XIII) Resignation and dismissal of professional managerial officers related to the financial report including Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief R&D Officer, Chief Internal Auditor, and Corporate Governance Officer, in the past year and up to the date of the Annual Report: None

V. Information on CPA Professional Fees

Information on CPA Professional Fees

Table on the range of CPA professional fees

Unit: NT\$1,000

Name of the CPA Firm	CPA Name	CPA audit period	Audit fee	Non-audit fees	Remarks
Pricewaterhouse Coopers Taiwan	Chun-Yuan Hsiao Fang-Yu Wang	2022.01~2022.12	NT\$2,970	NT\$530	The non-audit fee was NT\$500 thousand for the tax certification and NT\$30 thousand for the review of salaries for full-time non-executive employees.

- (I) If the Company changes the CPA firm and the amount of audit fee paid in the year of change is less than that in the previous year, information shall be disclosed: None.
- (II) If the audit fee is more than 10% less than that paid in the previous year, information shall be disclosed: None.

VI. Information on Replacement of CPA: If the Company has replaced the CPA in the most recent two years, the following information shall be disclosed: None

VII. Company's Chairman, President, Financial or Accounting Affairs Manager who has served in the certifying CPA firm or its affiliates in the most recent year: None

VIII. Transfer of equity interests and/or pledge of or change in equity interests by Directors, Supervisors, managers, and major shareholders holding more than 10% of the shares in the previous year and up to the publication date of the Annual Report

Change in the shares held by the Directors, Supervisors, managerial officers, and major shareholders

Title	Name	2022		2023 as of March 31		
		Increase(decrease)in shares held	Increase(decrease)in pledged shares	Increase(decrease)in shares held	Increase(decrease)in pledged shares	
Director	Chi Chan Industries Co., Ltd. Representative-Tzu-Kuan Lin	0	0	0	0	
	Representative-Chia-Chi Hou	0	0	0	0	
	Cheng Chi Co., Ltd. Representative-Chien-Pung Ruan	0	0	0	0	
	Representative-Jer-Shyong Tsai	0	0	0	0	
	Representative-Tung-Ming Su	0	0	0	0	
	Pai Ti Development Co., Ltd. Representative-Pei-Kui Su	0	0	0	0	
	Independent Director	Li-Yen Yang	0	0	0	0
		Wu-Po Kuo	0	0	0	0
		Chiu-Mu Tseng	0	0	0	0
	President	Shao-Ling Peng	0	0	0	0
	Vice President	Cheng-Hsiung Hsieh	0	0	0	0
	Accounting Manager	Cheng-I Wang	0	0	0	0
Assistant Vice President, Planning Division	Yun-Ti Cheng	2,000	0	0	0	
	Lin-Wei Hsiao	0	0	0	0	
Assistant Vice President, Engineering Division	Wen-Ho Hsu	0	0	0	0	
Assistant Vice President, Sales Division	Meng-Hui Lien	0	0	0	0	
Major shareholder	None	0	0	0	0	

Notes: Note 1: Shareholders with over 10% of the Company's total share shall be classified as major shareholders and listed separately.

Note 2: Information regarding the transfer of shares or shares pledged to the counterparty being the related party shall be filled in the following Table.

Note 3: The decrease in changes in 2020 was mainly due to the decrease in capital and the

issuance of new shares in the capital reduction.

Information on transfer of shares: None

Name (Note 1)	Reason for transfer of shares (Note 2)	Transaction date	Transaction counterparty	Relationship between the counterparty and the Company, its Directors, Supervisors and shareholders with shareholding percentage of over 10%	Number of shares	Transaction price

Information on pledged shares: None

Name (Note 1)	Reason for changes in pledged shares (Note 2)	Date of change	Transaction counterparty	Relationship between the counterparty and the Company, its Directors, Supervisors and shareholders with shareholding percentage of over 10%	Number of shares	Shareh olding ratio	Pledge ratio	Pledge(r edempti on)amou nt

IX. Information on the relationship between any of the top ten shareholders(related party, spouse, or kinship within the second degree)

Information on the relationship between any of the top ten shareholders

Name (Note 1)	Personal shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Shareholders with the top 10 shareholding ratios who are related, or their spouses and second-degree relatives' names and their respective relationships. (Note 3)		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Han Shen Investment Co., Ltd.	35,985,223	9.47%	-	-	-	-	-	None	
Representative: Jer-Shyong Tsai	0	0	-	-	-	-	-	None	
Chung Shen Development Co., Ltd.	27,709,048	7.29%	-	-	-	-	-	None	
Representative: Chia-Chi Hou	986,209	0.26%	-	-	-	-	-	Representative of Lien Chung International Asset Management Co., Ltd.	
Morta Enterprise Co., Ltd.	24,795,785	6.53%	-	-	-	-	-	None	
Representative: Wen-Hsien Li	0	0	-	-	-	-	-	Ku Pang Co., Ltd. Representative	
Cheng Chi Co., Ltd.	23,124,570	6.09%	-	-	-	-	-	None	
Representative: Chun-Yu Hou	986,846	0.26%	-	-	-	-	-	Representative of Kao Pin Co., Ltd. and Hanshin Department Store Co., Ltd.	
Han Chung Global Investment Co., Ltd.	20,205,488	5.32%	-	-	-	-	-	None	
Representative: Pei-Hsun Tu	28,094	0.01%	-	-	-	-	-	Representative of Chi Hsuan Development Co., Ltd. and Youshin Development Co., Ltd.	
Ku Pang Co., Ltd.	18,351,934	4.83%	-	-	-	-	-	None	
Representative: Wen-Hsien Li	0	0	-	-	-	-	-	Representative of Morta Enterprise Co., Ltd.	
Lien Chung International Asset Management Co., Ltd.	15,773,402	4.15%	-	-	-	-	-	None	
Representative: Chia-Chi Hou	986,209	0.26%	-	-	-	-	-	Representative of Chung Shen Development Co., Ltd. and Hanshin Department Store Co., Ltd.	
Chi Hsuan Development Co., Ltd.	15,365,406	4.04%	-	-	-	-	-	None	
Representative: Pei-Hsun Tu	28,094	0.01%	-	-	-	-	-	Representative of Youshin Development Co., Ltd. And Han Chung Global Investment Co., Ltd.	
Youshin Development Co., Ltd.	11,685,390	3.08%	-	-	-	-	-	None	
Representative: Pei-Hsun Tu	28,094	0.01%	-	-	-	-	-	Representative of Chi Hsuan Development Co., Ltd. And Han Chung Global Investment Co., Ltd.	
Hanshin Department Store Co., Ltd.	10,106,628	2.66%	-	-	-	-	-	None	
Representative: Chia-Chi Hou	986,209	0.26%	-	-	-	-	-	Representative of Chung Shen Development Co., Ltd.	

									Representative of Lien Chung International Asset Management Co., Ltd
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Note 1: All top ten shareholders must be listed. For institutional shareholders, their names and the name of their representatives must be listed separately.

Note 2: The shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and others.

Note 3: Relationships between the aforementioned shareholders, including institutional and natural-person shareholders must be disclosed based on the financial reporting standards used by the issuer.

Note 4: The aforementioned number of shares held are based on the number of shares registered as of the ex-dividend date on April 15, 2023.

X. The shareholding of the Company, Director, Supervisor, manager, and an enterprise that is directly or indirectly controlled by the Company in the investee company and the calculation of the consolidated shareholding percentage.

December 31, 2022 Unit: shares

Investee company (Note)	Investment by the Company		Investments by Directors, Supervisors, managers and directly or indirectly controlled enterprises		Combined investment	
	Number of shares	Shareho lding ratio	Number of shares	Shareholdi ng ratio	Number of shares	Shareholdi ng ratio
Shadwell Limited	200,000	100%			200,000	100%
Shang Yang International Asset Management Co., Ltd.	61,800,000	100%			61,800,000	100%
Shen Yang Construction Co., Ltd.	160,000,000	100%			160,000,000	100%
Star Epoch International Co., Ltd.	24,000,000	80%			24,000,000	80%
Sweet Me Hot Spring Resort Co., Ltd.	2,200,000	20%			2,200,000	20%
Chairman, Hanshin Shopping Plaza Co., Ltd.	10,005,000	20%			10,005,000	20%
Che Yang Agricultural Technology Co., Ltd.			250,000	100%	250,000	100%
Chi Yang Construction Co., Ltd.			17,600,000	80%	17,600,000	80%
Chi Yang Construction Co., Ltd.			3,150,000	45%	3,150,000	45%
Century Rainbow Limited			2,718,138	100%	2,718,138	100%
Celestial Talent Limited			1,988,828	100%	1,988,828	100%
Charm Merit Limited			1,000,000	100%	1,000,000	100%
Good Fame Limited			1,000,000	40%	1,000,000	40%

Note: Long-term investment calculated by equity method.

D. Funding Status

I. Capital and shares:

(I) Sources of capital

As of April 15, 2023 Unit: 1,000 shares/NT\$1,000

Year and month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT\$1,000)	Number of shares (1,000 shares)	Amount (NT\$1,000)	Sources of capital	Subscriptions paid with property other than cash	Other
1972.6	10	120	1,200	120	1,200	Founded with cash	-	
1974.3	10	1,600	16,000	1,600	16,000	Cash capital increase	-	
1976.9	10	4,000	40,000	4,000	40,000	Cash capital increase	-	
1978.4	10	8,000	80,000	8,000	80,000	Cash capital increase	-	
1978.8	10	16,000	160,000	16,000	160,000	Cash capital increase	-	
1979.1	10	30,000	300,000	30,000	300,000	Cash capital increase	-	
1983.5	10	30,900	309,000	30,900	309,000	Capital surplus	-	
1989.1	10	61,800	618,000	61,800	618,000	Cash capital increase	-	
1990.1	20	112,500	1,125,000	112,500	1,125,000	Cash capital increase	-	
1991.12	10	208,125	2,081,250	208,125	2,081,250	Cash capital increase Capital surplus	-	
1993.4	10	358,125	3,581,250	358,125	3,581,250	Cash capital increase	-	
1996.7	19.5	600,000	6,000,000	460,000	4,600,000	Cash capital increase	-	
1997.6	10	1,000,000	10,000,000	562,040	5,620,400	Retained earnings Capital surplus Employee bonus	-	Note 1
1997.7	55.5	1,000,000	10,000,000	700,000	7,000,000	Cash capital increase	-	Note 2
1998.3	10	1,400,000	14,000,000	703,307	7,033,072	Convertible corporate bonds	-	
1998.5	10	1,400,000	14,000,000	1,079,167	10,791,672	Retained earnings Capital surplus Employee bonus Convertible corporate bonds	-	Note 3
1998.8	10	1,400,000	14,000,000	1,080,275	10,802,754	Convertible corporate bonds	-	
1999.10	10	1,400,000	14,000,000	583,348.739	5,833,487.39	Capital reduction	-	Note 4
2002.6	10	1,000,000	10,000,000	300,000	3,000,000	Capital reduction	-	Note 5
2003.6	<u>2.8</u>	700,000	7,000,000	360,000	3,600,000	<u>Cash capital increase through private</u>	Debt converted to shares	Self-reported

Year and month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT\$1,000)	Number of shares (1,000 shares)	Amount (NT\$1,000)	Sources of capital	Subscriptions paid with property other than cash	Other
						<i>placement</i>		
2003.11	<u>4</u>	700,000	7,000,000	410,000	4,100,000	<i>Cash capital increase through private placement</i>	-	Self-reported
2003.12	<u>4</u>	700,000	7,000,000	510,000	5,100,000	<i>Cash capital increase through private placement</i>	-	Self-reported
2004.2	<u>4.5</u>	700,000	7,000,000	555,000	5,550,000	<i>Cash capital increase through private placement</i>	-	Self-reported
2004.4	<u>6.7</u>	700,000	7,000,000	571,000	5,710,000	<i>Cash capital increase through private placement</i>	-	Self-reported
2004.10	10	700,000	7,000,000	304,600	3,046,000	Capital reduction	-	Note 6
2006.4	<u>8</u>	700,000	7,000,000	364,600	3,646,000	<i>Cash capital increase through private placement</i>	-	Self-reported
2006.6	<u>10.5</u>	700,000	7,000,000	404,600	4,046,000	<i>Cash capital increase through private placement</i>	-	Self-reported
2006.12	<u>20</u>	700,000	7,000,000	442,600	4,426,000	<i>Cash capital increase through private placement</i>	-	Self-reported
2012.9	10	700,000	7,000,000	445,185	4,451,850	Convertible corporate bonds	-	Note 7
2013.1	10	700,000	7,000,000	446,285	4,462,851	Convertible corporate bonds	-	Note 7
2013.3	10	700,000	7,000,000	449,979	4,499,792	Convertible corporate bonds	-	Note 7
2013.6	10	700,000	7,000,000	455,614	4,556,142	Convertible corporate bonds	-	Note 7
2013.9	10	700,000	7,000,000	502,910	5,029,109	Convertible corporate bonds Conversion of earnings to capital increase	-	Note 7 Note 8
2014.1	10	700,000	7,000,000	503,313	5,033,136	Convertible corporate bonds	-	Note 7
2014.4	10	700,000	7,000,000	503,559	5,035,592	Convertible corporate bonds	-	Note 7
2015.5	10	700,000	7,000,000	576,582	5,765,824	Convertible corporate bonds	-	Note 7
2018.7	11	700,000	7,000,000	696,582	6,965,824	<i>Cash capital increase</i>	-	Note 9
2020.10	10	700,000	7,000,000	380,000	3,800,000	<i>Cash capital</i>		Note 10

Year and month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT\$1,000)	Number of shares (1,000 shares)	Amount (NT\$1,000)	Sources of capital	Subscriptions paid with property other than cash	Other
						<i>reduction</i>		

Note 1: Capital reduction approval document number:(86)Tai-Cai-Zheng(1)No. 33381 dated May 2, 1997.

Note 2: Capital reduction approval document number:(86)Tai-Cai-Zheng(1)No. 48083 dated June 30, 1997.

Note 3: Capital reduction approval document number:(87)Tai-Cai-Zheng(1)No. 27283 dated April 14, 1998.

Note 4: Capital reduction approval document number:(88)Tai-Cai-Zheng(1)No. 80122 dated September 23, 1999.

Note 5: Capital reduction approval document number:(91)Tai-Cai-Zheng(1)No. 101440 dated January 14, 2002.

Note 6: Capital reduction approval document number: Tai-Cai-Zheng(1)No. 0930122306 dated June 30, 2004.

Note 7: Capital increase approval document number: Jin-Guan-Zheng-Fa-Zi No. 10100123831 dated April 16, 2012.

Note 8: Capital increase approval document number: Jin-Guan-Zheng-Fa-Zi No. 1020038627 dated September 18, 2013.

Note 9: Capital increase approval document number: Jin-Guan-Zheng-Fa-Zi No. 1070325525 dated July 23, 2018.

Note 10: Capital reduction approval document number: Jin-Guan-Zheng-Fa-Zi No. 1090371099 dated October 27, 2020.

As of April 15, 2023 Unit: shares

Type of shares	Authorized capital			Remarks
	Shares issued and outstanding	Unissued shares	Total	
Ordinary shares	380,000,000	320,000,000	700,000,000	Listed stocks

Information on shelf registration None

Types of securities	Amount of scheduled issuance		Amount issued		The purpose and expected benefits of the issued shares	Unissued shares and scheduled time of issuance	Remarks
	Total number of shares	Approved amount	Number of shares	Price			

(II) Shareholders

As of the ex-dividend date(April 15, 2023)

Shareholders	Government institution	Financial institution	Other institutions	Individuals	Foreign institutions and foreigners	Total
Quantity						
Number of persons	3	3	182	33,183	82	33,453
Number of shares held	490	8,454	243,235,263	112,71,403	24,084,390	380,000,000
Shareholding ratio	0.00	0.00	64.01	29.65	6.34	100.00

Note: Companies primarily listed on the TWSE or the TPEX shall disclose the proportion of their shares held by Chinese investors. Chinese investors refer to individuals, corporate entities, organizations, other institutions, or companies in areas other than Taiwan and Mainland China that are invested by persons of such identity as defined in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

(III) Shareholding distribution status

1. Ordinary shares

Ordinary shares

Par value of NT\$10 per share as of the ex-dividend date(April 19, 2022)

Class of shareholding	Number of shareholders	Number of shares held	Shareholding ratio(%)
1 to 999	22,433	3,472,772	0.91
1,000 to 5,000	7,654	16,214,320	4.27
5,001 to 10,000	1,603	11,607,899	3.05
10,001 to 15,000	560	6,878,836	1.81
15,001 to 20,000	307	5,542,381	1.46
20,001 to 30,000	281	7,064,124	1.86
30,001 to 40,000	141	4,936,336	1.30
40,001 to 50,000	83	3,804,229	1.00
50,001 to 100,000	195	13,669,153	3.60
100,001 to 200,000	93	12,608,216	3.32
200,001 to 400,000	43	12,212,418	3.21
400,001 to 600,000	12	6,039,634	1.59
600,001 to 800,000	9	6,124,981	1.61
800,001 to 1,000,000	5	4,675,083	1.23
1,000,001 and above(additional brackets may be classified where necessary)	34	265,149,618	69.78
Total	33,453	380,000,000	100.00

2. Preferred shares: None

(IV) List of main shareholders:

(Shareholders with more than 5% of shares or the top ten shareholders in terms of shareholding ratio)

Shareholder's name	Shares	Number of shares held	Shareholding ratio(%)
Han Shen Investment Co., Ltd.		35,985,223	9.47
Chung Shen Development Co., Ltd.		27,709,048	7.29
Morta Enterprise Co., Ltd.		24,795,785	6.53
Cheng Chi Co., Ltd.		23,124,570	6.09
Han Chung Global Investment Co., Ltd.		20,205,488	5.32
Ku Pang Co., Ltd.		18,351,934	4.83
Lien Chung International Asset Management Co., Ltd.		15,773,402	4.15
Chi Hsuan Development Co., Ltd.		15,365,406	4.04
Youshin Development Co., Ltd.		11,685,390	3.08
Hanshin Department Store Co., Ltd.		10,106,628	2.66

Note: The aforementioned number of shares held are based on the number of shares registered as of the ex-dividend date on April 15, 2023

Changes in major shareholders holding more than 10% of the shares: None

(V) Market price per share, net worth, earnings, dividends, and the related information for the last two years

Item	Year	2021	2022	Current year as of March 31, 2022 (Note 8)
Market price per share (Note 1)	Highest	41.50	24.95	19.95
	Lowest	22.90	17.25	17.70
	Average	30.09	20.29	18.50
Net value per share (Note 2)	Before distribution	24.29	25.03	-
	After distribution	24.29	25.03	-
EPS	Weighted average number of shares (1,000 shares)	380,000	380,000	-
	Earnings per share (Note 3) before retroactive adjustment	2.58	1.28	-
	Earnings per share (Note 3) after retroactive adjustment	2.58	1.28	-
Earnings per share	Cash dividends	1.00	-	-
	Stock dividends	-	-	--
	Cumulative undistributed dividends (Note 4)	-	-	-
Return on investment analysis	Price-earnings ratio (Note 5)	11.66	15.85	-
	Price-dividend ratio (Note 6)	30.09	-	-
	Cash dividend yield rate (Note 7)	3.32%	-	-

* If retained earnings or capital surplus were used for capital increase and distribution of shares, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: List the highest and lowest market price of common shares for each fiscal year and calculate the average

market price for each fiscal year based on trading value and volume in each fiscal year.

Note 2: Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the meeting of the Board of Directors or shareholders' meeting in the subsequent fiscal year.

Note 3: If retroactive adjustments are required due to stock dividends, the Company shall list the earnings per share before and after the adjustment.

Note 4: If there are any conditions in issuing equity securities that allow for unpaid out dividend for the year to be accumulated to subsequent years in which there is profit, the Company shall separately disclose the accumulated unpaid out dividend up to that year.

Note 5: $P/E \text{ ratio} = \text{average closing price for each share for the year} / \text{earnings per share}$.

Note 6: $\text{Price to dividend ratio} = \text{average closing price per share for the year} / \text{cash dividends}$.

Note 7: $\text{Cash dividend yield} = \text{cash dividends} / \text{average closing price per share for the year}$.

Note 8: Data on net asset value per share and earnings per share from the latest quarter that has been verified by CPAs up to the date of publication of the Annual Report shall be filled. For all other columns, the Company shall fill information for the current fiscal year until the publication date of the Annual Report.

(VI) Dividend policy and implementation status:

The Company added clauses and established the following dividends policy in accordance with (89)Tai-Cai-Zheng(1)No. 100116 Letter of the Securities and Futures Administration Commission, Ministry of Finance and President Order Hua-Zong-1-Yi No. 10400058161 Order dated May 20, 2015:

1. In the event of surplus earnings after closing of annual accounts, the Company shall pay due taxes in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with undistributed earnings at the beginning of the period. Where the Company intends to distribute earnings by issuing new shares, it shall file a proposal to the shareholders' meeting and obtain approval in a resolution before the distribution. Where dividends are distributed in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and it shall be reported at the shareholders' meeting.
2. The Company's industry is a stable and mature industry. The dividend policy should account for the financial structure, earnings, and long-term business plans to meet the development and transformation needs. The ratio of stock dividends to cash dividends shall be determined each year based on the requirements for working capital, provided that the cash dividends shall not be less than 20%. When the paid-in capital has reached NT\$10 billion, the cash dividends shall not be less than 50%.
3. 本公司民國109年度股東常會(6月10日)決議通過修訂本公司章程，授權董事會得每季決議分派季度現金股利。
The Board has made a resolution not to distribute dividends from the earnings in 2022 Q1 in a Board meeting held on May 10, 2022.
4. Pursuant to the resolution from the General Shareholders' Meeting held on June 17, 2022 to amend the Company's Articles of Incorporation, the Company may proceed with the distribution of earnings of making up for losses at the end of each quarter in accordance with the Company Act.
5. The 2022 earnings distribution proposal was approved by the Board of Directors on

March 14, 2023, but has not yet been approved by the shareholders' meeting.

Kuo Yang Construction Co., Ltd.
Earnings Distribution Statement
2022

Unit: NT\$

Item	Amount
Opening undistributed earnings	3,801,769,451
Plus: After-tax net profit of the 2022	485,927,951
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	(77,538,643)
Minus: 10% legal reserve	(40,838,931)
Minus: Provision for special surplus reserve	(128,215,509)
Distributable earnings	4,041,104,319
Distribution items:	
Shareholder dividends - cash	0
Shareholder dividends - stocks	0
Closing undistributed earnings	4,041,104,319

(VII) Effect of free-gratis dividend proposed in the current shareholders' meeting on Company's business performance and earnings per share:

The Company did not distribute stock dividends this year and this item is therefore not applicable.

(VIII) Remuneration of employees and Directors

1. Percentages or ranges of remuneration of employees and Directors under the Articles of Incorporation

According to the Company's Articles of Incorporation, in the event of profit in the year, the Company shall appropriate 0.5% to 5% of the pre-tax earnings (excluding remuneration for Directors and employees) as remuneration for employees and no more than 5% as remuneration for Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.

. The remuneration for employees in the preceding paragraph may be paid in stock or cash based on a resolution of the Board of Directors, and may be paid to employees of subsidiaries who meet the certain requirements.

The distribution of remuneration for employees and Directors shall be resolved by a majority vote at a board meeting attended by more than two thirds of the Directors and it shall be reported at the shareholders' meeting.

2. Basis for estimating the amount of remuneration of employees and directors, basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

Based on the Company's estimates, the 2022 remuneration for employees and Directors amounted to NT\$11,201,042 and NT\$11,201,042, respectively. According to the Articles of Incorporation, they shall be allocated based on 2% of the earnings before tax. If the actual distribution is different from the estimate, the difference will be accounted for as changes in accounting estimates and adjusted in the year of the distribution.

3. Remuneration proposals passed by the board of directors:

(1) Remuneration of employees and Directors shall be paid in cash or stock. In case of any discrepancy between the amounts and the amortized estimates for the year, the differences, reasons, and responses shall be disclosed:

The Company's distribution of 2022 remuneration for employees and Directors has been passed by the Board of Directors on Mar 14, 2023, and the Board of Directors has resolved to distribute NT\$11,201,042 as employee remuneration and NT\$11,201,042 as Director remuneration. The amounts are the same as the estimated amount in 2022.

(2) Amount of employee remuneration distributed in the form of stocks, as a percentage of the net income after taxes provided in the standalone or consolidated financial statements of the current period, and as a percentage of total employee remuneration:

The Company did not issue employee stock bonus in 2022.

4. Discrepancies, if any, between actual distribution of employee and Director remuneration (including the number of shares distributed, amount and stock price) and the

recognized remuneration of employees and Directors and disclosure of the differences, reasons and responses:

The Company's distribution of 2021 remuneration for employees and Directors has been passed by the Board of Directors on Mar 21, 2022, and the Board of Directors has resolved to distribute NT\$5,842,593 as employee remuneration and NT\$5,842,593 as Director remuneration. All remuneration shall be distributed in cash and the amounts are the same as the estimated amount in 2021

- (IX) Buyback of treasury stock: None

- II. Issuance of corporate bonds: None

- III. Issuance of preferred stocks: None

- IV. Issuance of global depository receipts(GDR): None

- V. Exercise of employee stock option plan(ESOP): None

- VI. Employees' restricted stocks: None

- VII. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None

- VIII. Implementation of capital allocation plan: None

E. Business Overview

I. Business activities

(I) Business scope:

1 Main contents

- (1) Commissioned construction of residential buildings, commercial buildings, and plants and offices for lease or sale, appointment by the government's competent authority of industries for the development, lease, and sales of industrial zones.(except for the construction business)
 - (2) Trading, manufacturing, and agency services for of construction materials.
 - (3) Garden landscaping and interior design and construction.(except for the construction business)(except for architect business)
 - (4) Industrial factory buildings lease construction and development.
 - (5) Office building leasing.
2. Revenue breakdown: The Company invests in the construction of residential buildings and the lease and sales of office and commercial buildings, and industrial buildings in Taiwan. The revenue from these businesses account for 100%of the Company's revenue.
 3. The Company's current products: Residences, villas, stores, and plants and offices.
 4. Plans for new product development: The Company will continue to focus on luxury residential buildings in prime locations and cooperate with government policies in promoting residential projects for urban renewal.

(II) Industry overview:

1. Current state and development of the industry:

- (1) Overall political and economic environment: Global economic and financial growth in 2023 has slowed in comparison with the growth in 2022

When observing the economic conditions at home and abroad in recent years, the global economic performance in 2022 was not ideal due to the effects of factors including the coronavirus, Russo-Ukrainian War, high inflation, and climate change. Most countries have implemented monetary tightening policies to control inflation, and the global economic forecast is not overly optimistic due to negative impacts such as the rising inflation, the tightening policies, and financial pressures.

In terms of Taiwan, though exports have been severely affected by the weakening global demand, while enterprises' capital investments have also turned conservative due to the weak global economy and rising interest rates, leading to significantly weaker private investment growth; fortunately, the government's infrastructure budget has reached an all-time high. In addition, private consumption continues to be strong, and thanks to the continuing easing of epidemic control measures, and the opening of border control, the overseas spending from the Taiwanese public is

expected to largely increase. The public and the government are working together to maintain Taiwan's economic performance in 2023. It is expected that Taiwan's economic growth rate may be slightly reduced to 2.12% in 2023. (Source: Taiwan Institute of Economic Research).

(2) Number of units transferred in sales: A Dramatic Change to the Housing Market! The number of property transfers in six major metropolis reached more than 243,000 units in 2022, reaching a three-year low

According to the Land Administration Bureaus of the six major metropolitan areas in Taiwan, the number of units transferred in sales in December 2022 totaled 20,754 units, showing a year on year decrease of 25.1%, and month on month increase of 11.8%. Moreover, the cumulative number of units transferred in sales throughout the six major metropolitan areas in 2022 was 243,910 units, showing a year on year decrease of 8.9%, reaching a 3-year low. Furthermore, this is the first time that the transaction volume has dipped in the most recent 6 years, showing that the housing market is showing a downward trajectory. Real estate agents analyzed that the end of last year showed the traditional peak season in housing market, and purchases rose slightly. Nevertheless, the market continues to remain speculative given the impacts from the overall environment. Currently, the Taiwanese housing market continues to be bearish. On the one hand is the construction costs that remain high, and on the other is the housing black swan that is ready to be set in motion. As the market sways between the two sides, the transaction turnover becomes longer, and the room for price negotiation also inevitably increases. The strong seller's market will eventually edge toward the buyers, and it is expected that the transaction volume in housing market will continues to be low in 2023.

Number of units transferred in sales

Year	Number of units	Annual growth rate
2016	245 thousand	-16.3%
2017	266 thousand	8.5%
2018	278 thousand	4.5%
2019	300.2 thousand	8%
2020	326 thousand	8.6%
2021	348 thousand	6.8%

2022	243 thousand	-8.9%
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Source: Construction and Planning Agency, Ministry of the Interior

- (3) Cathay Real Estate Indicator: Overall housing market transaction price remains stable but volume shrinks in 2022, as sales ratio and transaction volume greatly decline

The value remained steady while volume dipped in the Cathay Real Estate Indicator in 2022 Q4. Compared to the previous same quarter in the previous year, the value has risen while the volume shrunk. The transaction price, negotiation rate, property units launched, and the value of the new property launched in this quarter continued to be steady, while sales ratio and transaction volume both significantly declined. The risk of a downward global economic trajectory has risen and Taiwanese exports have shown negative growth in 4 consecutive months. The Central Bank has greatly decreased its 2022 global economic growth rate to 2.91%, and once again executed another 0.125% interest rate hike in mid December in order to curb the expectation for inflation. The sluggish economic growth and fluctuations in the stock market have led to an obvious slowdown in the transactions in the housing market in recent months. However, the approval of the third reading of the amendment to the Equalization of Land Rights Act will further control the act of real estate speculations, and lead to more orderly transactions in the housing market. In terms of the performance of individual regions compared to the same quarter in the previous year, transaction prices in all areas have risen; volume increased in Tainan but decreased in other regions.

From an annual perspective, since economic forecast continues to show downward trends, unfavorable factors including the effect of the interest rate hikes, the enactment of the amendments to The Equalization of Land Rights Act, and interferences in geopolitical conditions before the Presidential Elections have indicated that the supplies in the housing market are expected to decrease in the future.

- (A) Project scale and categories

[2020 Price grew while volume was stable in the Taiwanese housing market in 2022, but both volume and value are expected to decrease going forward]

The global economy shows signs of recession, and Taiwanese exports have shown negative growth in 3 consecutive months. The Central Bank has greatly decreased its 2022 global economic growth rate to 2.43%, and once again executed another 0.125% interest rate hike in mid December in order to curb the expectation for inflation.

As the government implements the "Healthy Housing Market Program", the sluggish economic growth and fluctuations in the stock market have led to an obvious slowdown in the transactions in the housing market in recent months. However, the approval of the third reading of the amendment to the Equalization of Land Rights Act may further control the act of real estate speculations, and lead to more orderly transactions in the housing market.

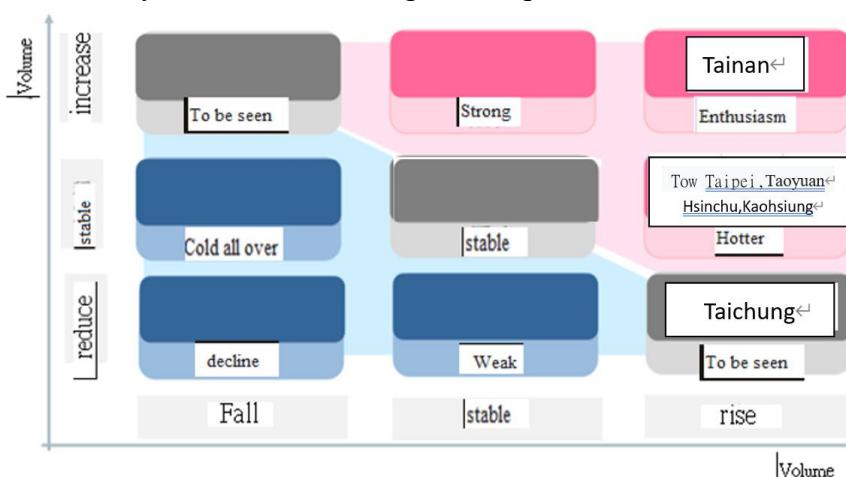
The shifts in the four quarters showed that compared to the peak in 2013 and

2014, the transaction prices across all regions in this wave have reached new highs. However, the transaction volume was polarized and remained relatively low in areas north of Taoyuan and Hsinchu, but the transaction volume in Central and Southern Taiwan exceeded the peak in the previous wave. Nevertheless, growth in Tainan and Kaohsiung have been sluggish in recent months. A comprehensive view of the housing market in this quarter shows that, compared with the same quarter last year, many projects have deferred their launch to after the Presidential Elections. The project launch value has slightly grown, transaction prices have soared while volume has declined. Price has moved farther and farther away from volume, and the performance of the housing market remains to be seen. However, sales performance has turned speculative due to the numerous negative effects, and both sales ratio and transaction volume have dropped.

Faced with unfavorable factors including inflation, tightening in land and construction financing, continued interest rate hikes, fluctuations in the financial market, and the approval of the third reading of the Equalization of Land Rights Act, the housing market in Taiwan is showing a more and more apparent downward trajectory as sellers and buyers remain stagnant on price and the market continues to be affected by the cyclical effect of the economy.

According to the Cathay Real Estate Indicator in 2022, transaction prices rose in the nationwide housing market and transaction volume remained stable with increased market demand. However, transaction volume has dropped significantly due to effects of the Central Bank's interest rate hikes, the second wave of the COVID-19 pandemic, and the approval of the third reading of the Equalization of Land Rights Act in Q4. In addition, the soaring prices have also decreased somewhat starting in Q4, and going forward, both volume and price are expected to decline in the housing market.

Transaction prices experienced significant growth and transaction volume remained steady; the overall housing market performed well.



Source: Cathay Real Estate Indicator 2022 Q4 Quarterly Report

Nationwide		2022				2021年		Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		43.25	45.86	47.23	47.55	45.83	35.65	28.55%(+++)
Bargaining space(%)		7.71	8.93	8.12	7.91	8.11	11.07	-2.96(---)
Asking price(ten thousand/ping)		46.87	50.35	51.40	51.63	49.88	40.09	24.41%(+++)
Push case volume	Amount (100 million yuan)	3,820	2,908	4,586	4,688	16,002	13,000	23.10%(++)
	Number of households(households)	20,559	16,473	25,800	25,857	88,689	80,716	9.88%(Δ)
30-day sales rate(%)		15.20	14.04	11.60	8.60	12.05	14.26	-2.21(--)
Volume index	Amount	123.50	86.81	113.11	85.68	102.28	100.00	2.28%(Δ)
	Number of households	108.78	80.46	104.13	77.34	92.68	100.00	-7.32%(Δ)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

Source: Cathay Real Estate Indicator 2022 Q4 Quarterly Report

[Industry outlook for 2023]

Effects of the amendment of the Equalization of Land Rights Act

Key revisions: Third reading of the amendments of certain articles in the Equalization of Land Rights Act was approved on January 10, 2023. The amendment contained five major key revisions, including restrictions on the transfer and resale of the agreements on the sale of pre-sale or new-built houses; severe penalties for real estate speculation; requirement to report the rescission of real property sales agreements; requirements for private entities to obtain the approval for the acquisition of residential buildings; and establishment of a mechanism for reporting with rewards.

Effects of the amendment: The restrictions on the transfer and resale of the agreements on the sale of pre-sale or new-built houses can effectively curb real property speculation and burst the housing property bubble; the requirements for private entities to obtain the approval for the acquisition of residential buildings will affect luxury property transactions, and will be effective in cooling the housing market. Housing prices are expected to fall slowly, and the falling property prices will also lead to a fall in transaction volume. A key factor will be whether regional governments will execute the relevant laws in practice, and this issue continues to require close attention.

Regions affected: Areas with relatively higher transfer and resale of pre-sale units or new-built houses; areas that will be mostly affected will be redevelopment zones and areas with soaring property prices, including New Taipei City, Taoyuan, Hsinchu, Taichung, and Tainan. Since Taipei City's property prices are too high, real estate speculation will be difficult; while Kaohsiung prefers to construct the properties before selling them, the effects of the amendment in these two areas are expected to be lower.

(B) Market performance in different regions

1. Taipei City - rising prices and stable transaction volume

In 2022, the prices of new projects on the market in Taipei increased while the transaction volume remained steady, and demand was relatively high. The new projects are mostly urban renewal and reconstruction of urban unsafe and old buildings. Since the projects are mostly located in prime locations or have development potential, the property prices continued to sell for NT\$1 million per ping. However, the high prices and the looming unfavorable factors have led sales ratio to decrease over each quarter.

Taipei City		2022					2021年	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		106.37	109.04	104.08	113.01	107.34	93.88	14.33%(+++)
Bargaining space(%)		6.12	6.94	6.09	7.84	6.68	10.15	-3.48(---)
Asking price(ten thousand/ping)		113.30	117.17	110.83	122.62	115.02	104.49	10.07%(+++)
Push case volume	Amount (100 million yuan)	978	525	651	635	2,789	2,755	1.24%(Δ)
	Number of households(households)	1,331	1,173	1,712	1,236	5,452	5,873	-7.17%(Δ)
30-day sales rate(%)		20.04	17.13	13.82	9.85	15.15	13.97	1.18(Δ)
Volume index	Amount	199.78	91.56	91.67	63.73	111.69	100.00	11.69%(Δ)
	Number of households	130.09	97.97	115.40	59.37	100.70	100.00	0.70%(Δ)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

2. New Taipei City-rising prices and stable transaction volume

In 2022, the prices of new projects on the market in New Taipei City increased while the transaction volume remained steady, and demand was relatively high. Offer prices and transaction prices both skyrocketed this year. Though the project launch value drastically decreased during the peak of the COVID-19 pandemic in Q2, the value peaked in Q4, and remained steady throughout the year. Nevertheless, the looming unfavorable factors have led sales ratio to decrease over each quarter.

New Taipei City		2022					2021年	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		49.72	49.67	52.92	54.25	51.47	42.38	21.46%(+++)
Bargaining space(%)		6.10	9.16	8.06	8.34	7.77	10.89	-3.11(-)
Asking price(ten thousand/ping)		52.96	54.68	57.56	59.19	55.81	47.55	17.35%(+++)
Push case volume	Amount (100 million yuan)	998	536	914	1,265	3,713	3,298	12.59%(Δ)
	Number of households(households)	5,851	3,250	5,269	6,699	21,069	18,663	12.89%(Δ)
30-day sales rate(%)		13.05	13.47	10.44	7.07	10.56	12.29	-1.73(Δ)
Volume index	Amount	124.22	68.87	90.98	85.29	92.34	100.00	-7.66%(Δ)
	Number of households	132.99	76.24	95.82	82.49	96.89	100.00	-3.11%(Δ)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

3. Tainan City-Value and volume both grew

In 2022, the prices of new projects and transaction volume in Tainan City both

soared; the market was very active. The demand for housing market was driven by the Southern Taiwan Science Park, and prices grew dramatically. In addition, the completion of the Tainan Metropolitan Expressway will shorten the commuting time from the science park to the city center, thereby further propelling the development of the housing market along the expressway.

Tainan City		2022					2021年	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		27.01	28.46	33.11	35.04	31.49	22.58	39.45%(+++)
Bargaining space(%)		7.43	6.37	7.92	6.51	7.11	11.52	-4.41(---)
Asking price(ten thousand/ping)		29.18	30.40	35.96	37.48	33.90	25.52	32.83%(+++)
Push case volume	Amount (100 million yuan)	245	215	426	504	1,391	754	84.56%(+++)
	Number of households(households)	2,071	1,726	3,384	3,284	10,465	6,583	58.97%(+++)
30-day sales rate(%)		15.33	22.09	13.56	15.71	16.26	13.05	3.21(+++)
Volume index	Amount	155.23	195.85	238.42	326.85	229.09	100.00	129.09%(+++)
	Number of households	149.41	179.38	215.93	242.71	196.86	100.00	96.86%(+++)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

4. Kaohsiung City-rising prices and stable transaction volume

In 2022, the prices of new projects on the market in Kaohsiung City increased while the transaction volume remained steady, and demand was relatively high. The demand for housing market significantly increased and prices soared in 2021 due to the news regarding TSMC's plan to set up new plants at Nanzi. In 2022, benefiting from the commencement of large-scale benchmark projects, the value of projects launched grew by 50%; however, the partial delay in TSMC's planned Nanzi plant and the unfavorable housing property factors led to a sharp fall in sales ratio.

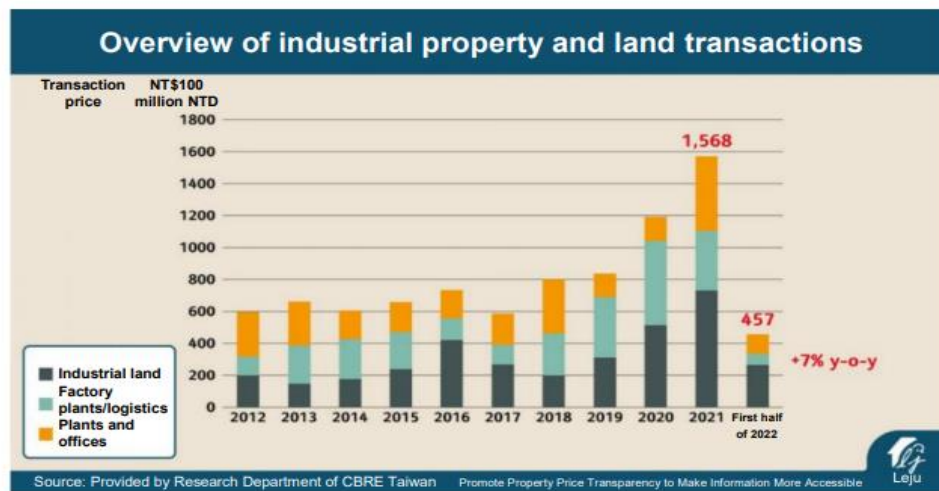
Kaohsiung City		2022					2021年	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		28.98	30.51	32.50	32.08	30.70	23.02	33.40%(+++)
Bargaining space(%)		12.08	12.92	9.35	9.92	10.86	12.05	-1.19(Δ)
Asking price(ten thousand/ping)		32.96	35.04	35.85	35.62	34.44	26.17	31.61%(+++)
Push case volume	Amount (100 million yuan)	287	451	557	562	1,857	1,183	56.88%(++)
	Number of households(households)	2,427	2,934	3,434	4,066	12,861	9,372	37.23%(+)
30-day sales rate(%)		24.56	10.25	12.09	6.05	12.12	17.89	-5.77(---)
Volume index	Amount	130.19	85.40	124.61	62.94	100.79	100.00	0.79%(Δ)
	Number of households	142.24	71.76	99.08	58.73	92.95	100.00	-7.05%(Δ)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

➤ Plants and offices

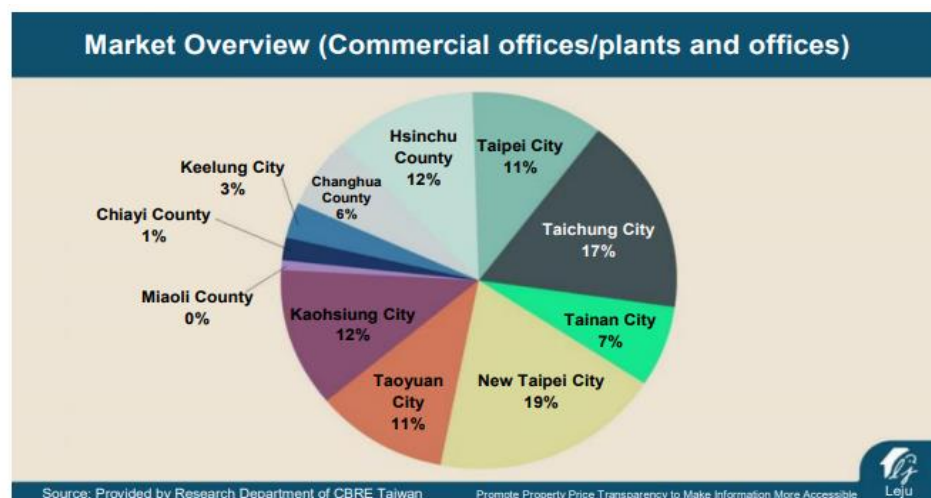
1. Overview of industrial property and land transactions

In 2021, the total investment toward industrial land and properties reached a record-breaking NT\$60 billion, and growth continued in 2022. Industrial land and property investments were mostly focused in Taipei City and New Taipei City, but they have been expanded outside of these two areas since 2019.

Industrial land and properties are mostly acquired by buyers with self use, and demand has been steady. However, after the government launched the "Three Major Programs for Investing in Taiwan" in 2019, many overseas Taiwanese enterprises have relocated back and are looking for properties for plant expansions. Therefore, plants and offices have performed better in comparison with other types of industrial land and properties.



Source: Research Department of CBRE Taiwan



Source: Research Department of CBRE Taiwan

(C) Urban renewal policy

[Passage of the amendment of the "Urban Renewal Act": Increased building bulk incentives and permission for local governments to dismantle sea-sand houses and other dangerous buildings on behalf of others]

The Legislative Yuan passed the amendment of the "Urban Renewal Act" in three readings. The amendment allows the exemption of coordination procedures for local governments to dismantle dangerous buildings in urban renewal projects on behalf of others, provided that a consensus is reached by the majority of residents and comprehensive placement measures are provided. It also increased the building bulk incentives to up to 1.3 times the original building bulk.

The Ministry of the Interior stated that the government has amended laws to increase the requirements for anti-earthquake designs of buildings in the wake of the 921 earthquake in 1999. However, there remains approximately 36,200 high-rise buildings with six stories or more which were built before the amendment of the legislation in December 1999. As these buildings were built in an era with lower anti-earthquake standards, they may have insufficient anti-earthquake capacity and pose threats to public safety. Due to the large number of units, integration would not be easy. The lack of incentives also makes it difficult to promote reconstruction.

The Legislative Yuan passed the amendment of Article 57 of the "Urban Renewal Act" in three readings. It supports the mandatory demolition mechanism in the Building Act and it states that for land improvements that should be demolished or relocated within the scope of the right to convert, if the competent authority of the municipality or county/city determines that they are buildings constructed with reinforced concrete with high chloride ion content or insufficient anti-earthquake capacity, and thus pose risks to public safety, they can be exempted from the final stage of coordination between the implementer and the government. They can then be directly demolished by the local government in accordance with Article 81 of the Building Act.

In addition, the Legislative Yuan also passed the amendment of Article 65 to increase incentives for accelerated reconstruction. The amendment relaxed regulations that cap the incentives to 1.2 times the original building bulk for high-rise buildings before the implementation of building bulk restrictions. As for buildings constructed with reinforced concrete with high chloride ion content or insufficient anti-earthquake capacity, and thus pose risks to public safety, due to the necessity for swift improvements, the amendment increased the building bulk incentives to 1.3 times the original building bulk, and the builder may proceed with construction based on the maximum incentive amount.

[Launch of new review scheme in Taipei City for accelerated urban renewal]

Taipei City Government proposed new accelerated review measures for urban renewal, including:

Stage 1: Simplified procedures for planning renewed units to accelerate the urban renewal procedures

1. Simplified the procedures for urban renewal projects with fewer than six floors
2. Simplified coordination procedures for self-planned units on neighboring land.
3. Legal recognition of diversity in buildings and simplified application documents for self-planned units

Stage 2: Improved review performance

The cases are divided into different categories, such as self-planned renewal units, Q&A regarding renewal units, duplicate issuance and revocation of consent forms, Q&A regarding procedures, and simple changes. They are discussed by project teams in review meetings to separate cases. The review committee member serves as the convener of the meeting for the 168 Project Team. As a principle, hearing procedures are not required and meetings for review will be scheduled first. The review meeting shall confirm the review results and improve the review efficiency.

Stage 3: Integrated urban renewal and review of the urban design drawings

The Department of Urban Development stated that future urban design reports will be integrated with urban renewal business plan drawings. It would reduce the required operation time for implementers and make the review process smoother and more efficient.

[Passage of the amendment of the New Taipei Regulations Governing Incentives for Investment in Public Facilities for Urban Planning lowers the threshold for public facilities in urban renewal]

New Taipei City Government passed the amendment of Article 10 of the "New Taipei Regulations Governing Incentives for Investment in Public Facilities for Urban Planning" to resolve the issues of reconstruction on land used by old public facilities. In the future, the consent of all landowners will no longer be required for the reconstruction of existing land used for markets. A project can proceed with the investment incentive contract once it meets the minimum consent ratio stipulated in the Urban Renewal Act.

[Incentives for the reconstruction of dangerous and old buildings extended for 5 more years]

The Executive Yuan announced its approval of extension of the incentives in the form

of tax exemptions in Article 8 of the "Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings". The extension shall be 5 years starting from May 12 this year and will last till May 11, 2027. It aims to use land price tax and housing tax incentives to encourage people to join the ranks for the reconstruction of dangerous and old buildings.

The tax exemptions for the reconstruction of dangerous and old buildings were set to expire this year. The Ministry of the Interior requested the Executive Yuan to extend the incentives by another 5 years. The Executive Yuan approved the proposal the day before yesterday and the extension was announced by the Ministry of the Interior yesterday.

[Increased effectiveness! Nearly 800 urban renewal projects for dangerous and old buildings]

The Construction and Planning Agency stated that the concerted efforts of the central and local governments and the private sector for urban renewal and the reconstruction of dangerous and old buildings have achieved significant results in 2021. The number of approved projects is close to 800 and is increasing steadily. The government also completed the amendment of the "Urban Renewal Act" and established related subsidiary legislation to implement the demolition of dangerous buildings and provide incentives for high-rise buildings. It also helps local governments implement public urban renewal projects for old and dangerous complexes they compiled in their surveys.

The Construction and Planning Agency stated that there has been an average of approximately 500 projects for private urban renewal and reconstruction of dangerous and old buildings each year from 2017 to 2020. It has assisted local governments in the approval of 782 cases in 2021 and the effects are obvious.

The Construction and Planning Agency also stated that local governments are conducting a full inventory of old and dangerous complexes in their jurisdiction. If it is determined as necessary to include them in future public urban renewal projects, the Construction and Planning Agency will prioritize the subsidies for the cost of preliminary planning, consolidation of intent, and selection of implementers. If a local government needs to establish a project office, the Agency will also provide assistance. The investment of manpower and funding will help local governments initiate public urban renewal projects for old and dangerous complexes and make appropriate use of the central government's urban renewal fund for investment to increase the quality of public urban renewal projects.

[New Taipei City Three-Step Urban Renewal Action Strategy]

a. Step 1 (Strategy 1): Transit-Oriented Development (TOD)

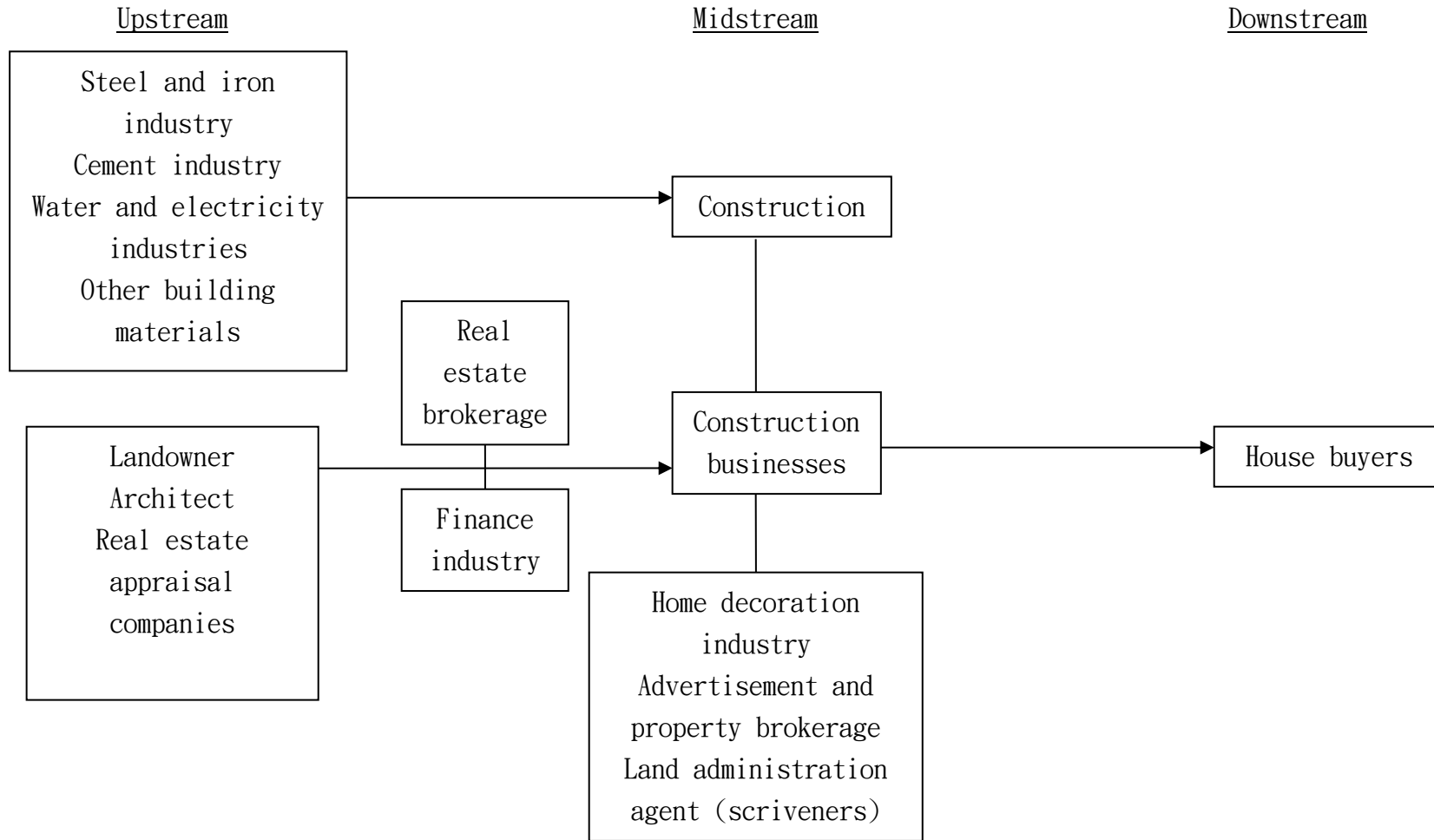
- (a) New Taipei City used MRT stations that are already in operation as hubs and reviewed the surrounding land to create diversified development and revitalize urban functions. It prioritized development for MRT interchange stations and high-capacity stations, and provided public welfare facilities for elderly activities, elderly care, public childcare, and public housing in buildings within a certain distance of MRT entrances under certain conditions. Applicants may apply for up to 50% additional building bulk for providing public transportation parking spaces, accessible sidewalks, open spaces, and other environmental improvement facilities. The government considered the overall capacity of the city and set the maximum building bulk at two times the base building bulk.
- (b) In the first phase, the "Proposal for the Guidelines on Land Use and Zoning Management in Areas Near New Taipei City MRT Stations (Phase 1) (Compliant with the Transit-Oriented Development Strategy)" was promulgated and implemented on August 29, 2019. Related measures in the "New Taipei City Government Guidelines for the Review of Applications for Additional Building Bulk for Transit-Oriented Development" also became effective on August 29, 2019. In the second phase, the "Proposal for the Guidelines on Land Use and Zoning Management in Areas Near New Taipei City MRT and Railway Stations (Phase 2) (Compliant with the Transit-Oriented Development Strategy)" was reviewed and completed in the 112th meeting of the New Taipei City Urban Planning Committee on December 9, 2019, and promulgated and implemented on January 31, 2020.
- b. Step 2 (Strategy 2): Urban renewal along main roads to change the urban landscape According to Article 39-2 of the "New Taipei City Enforcement Rules of Urban Planning Law" amended and implemented on July 3, 2019, dangerous and old buildings along main roads with a width of 20m in the City, sea-sand houses, and buildings within urban renewal areas that have a land area of at least 2,000m² or cover an entire block, and the site of the building is open to at least 20m of roads on the front are eligible for a maximum of 20% of additional building bulk if they provide facilities for activities for the elderly, public elderly care facilities, public housing (including transitional housing), or other facilities for public welfare. Applications may be filed before July 3, 2021 and the measures are expected to help improve the urban landscape and space for the activities of the people. Related measures in the "New Taipei City Government Guidelines for Processing Applications Filed in accordance with Article 39-2 of the New Taipei City Enforcement Rules of Urban Planning Law" was promulgated and implemented on August 22, 2019.
- c. Step 3 (Strategy 3): Prioritize assistance for dangerous and old buildings for disaster prevention and take actions to resolve issues

The government has taken the initiative to help keep residents out of dangerous areas through hazard classification, streamlining procedures, active counseling, resolving issues from residents' perspectives, and proposing solutions. The government actively provides project counseling and progress management for issues and matters that require assistance in individual projects including holding community seminars, setting up forward onsite workstations, and organizing weekly inter-agency project meetings.

[Continue to build happy homes for the people of Taiwan in the new year]

In response to the high average age of houses in Taiwan and the threat of strong earthquakes, the Company will actively obtain more information on the government's policy for promoting urban renewal and continue to track the updates of laws and regulations, so that we can continue to expand urban renewal operations of the Company and create a safe and comfortable living environment for the people of Taiwan.

2. Relationships with suppliers in the industry's supply chain



3. Competition

The Company conducts a detailed market survey and evaluations when it evaluates new construction projects to understand market demand which is used as an importance reference for the purchase of land and future construction projects. We start with thoughtful designs in the planning phase to demonstrate our resolve for innovation and evolution. We boldly reconstruct and redefine space and use more high-end and refined dimensions and ratios. We adopt the stance of users to truly experience user demand. The Company's strategies for competing on the market include the following:

(1) Product planning

A. Residential products:

The speed of the sales of products with high unit prices and high total prices has slowed in recent years and discounts have increased. Companies are required to offer discounts for sales. As consumption habits change, the Company has followed trends and focused development on residential products with medium and small floorspace with low total price and low down payments. We also implemented flexible payment terms for customers to make purchases with ease.

B. Plants and offices:

The return of Taiwanese businesses to Taiwan for expansion in the post-pandemic era has increased the demand for plants and offices. Due to the increase in demand and other favorable factors such as government policy for supporting industrial development and the Company's outstanding performance in previous plant and office projects, Kuo Yang will focus on the development of plants and offices as well as residential buildings.

(2) Customer service

A. Home Go property management software

Personal electronic products have become increasingly popular. Kuo Yang began the development of an app at the beginning of the previous year for use in newly constructed communities to provide digital, transparent, and immediate property management services. Residents can use their mobile phones to interact with the receptionist and receive general services such as mail and express delivery notification and collection, visitor registration, requests for repairs, payment of management fees, public facility reservations, and access control

B. Overall development of the community

Kuo Yang invests funds for revitalizing the community after the

transfer and actively plans and organizes community activities. We invite instructors to provide courses; at the same time, we develop community residents through seed teacher courses. The activities are diverse and intended for all ages, and contain current issues including environmental sustainability, health, and wealth management and more, in order to facilitate interactions between residents, increase community cohesion, and establish connections between neighbors to create overall development of the community of "Kuo Yang happy families"

c. After-sales services and property health examination

After-sales services are activated immediately after the delivery of the properties. In addition to providing warranty repairs within the warranty period in accordance with the contract, the Company also provides assistance for seeking suppliers for quotations and repairs after the warranty period. We provide a property health examination free service one year after free the delivery of residential projects in accordance with the contract.

(III) Overview of technology and R&D:

Although the Company has not established construction technologies or R&D units, the Company is committed to obtaining information on the latest overnment decrees, building materials, methodology, and technologies. We organize internal discussions and appoint external instructors and suppliers to exchange ideas, obtain the latest information, and expand employees' horizons to improve their professional competencies.

(IV) Long-term and short-term business development plans: g

1. Short-term development plans:

(1) Sales plans

Provide comprehensive property management for completed buildings. Increase the software value of buildings and continue sales. Implement rigorous oversight over construction quality of projects under construction and adjust the sales strategy based on market and sale conditions.

(2) Recent proposals

A: Kuo Yang Jilin (Residential buildings)

The project is located west of Jilin Road and north of Lane 168 Jilin Road in Zhongshan District, Taipei City near to Zhongji Park and Zhongyuan Park. It is close to the Jilin Elementary School education regions and has convenient access to the Xinsheng Elevated Road. The product highlights are the units with 77 to 86 pings. The large 570-ping project area

is adjacent to three roads, and we collaborated with Continental Engineering Corp. to safeguard the engineering quality.

B. Kuo Yang Intercontinental Corporate Head Office (Neihu Jiuzong Section Project)

The Project is located on Jiuzong Section, Neihu Technology Park, Taipei City. It is connected to central Taipei to the west and Nangang and Xizhi to the east. It will also be connected by the MRT Circular Line East Section and Minsheng Xizhi Line. The area already has comprehensive functions and the products are planned as units with 80 to 180 pings.

C. The Green Place Phase D - The Green World (residential building)

Located in close proximity to National Museum of Taiwan History, this project overlooks the Tainan Asia-Pacific International Baseball Stadiums and has front row seats to the residential neighborhood in the area. The surrounding public infrastructure include planned elementary school and junior high school, and is 20 meters to the Huanbei North Road to the north, 40 meters to Huanguan Road to the south, 20 meters to Huanguan 3rd Road in the west, and 20 meters to Huanguan 2nd Road to the east. Besides Huanguan Road and Changhe Road, it is also adjacent to the major national transportation project - Tainan Metropolitan Expressway as well as Yongkang Expressway.

The highlight of this product are unit types A and B, which are 6 meters and 7 meters wide and approximately 70 to 84 pings in size, respectively. Dual parking space, two conference rooms, and a villa-type residence with elevators and lots of greenery.

D. Kuo Yang Digital Technology Building (Plants and office)

Located in Dingkan Industrial Park in Zhongxing Section of Sanchong District, New Taipei City, this project is approximately a 3-minute-walk from MRT Xiansegong Station and has easy access to Taipei City to the east. Other major administrative districts within New Taipei City are easily accessible from its west, south, and north sides. In addition, the Second Administrative Center of New Taipei City and Far Eastern Media HQ are about to be constructed at the intersection between Guangfu Road and Chongxin Road, its geographical location is highly competitive. The highlight of this project are between 260 to 280 pings. Synergies between plants and offices, warehousing and logistics, and driven by four core functions.

2. Long-term development plans::

(1) Land development:

The main methods for land acquisition include outright purchase and joint construction. In the short term, the Company will continue to prioritize the development of land in the prime areas of Taipei, New Taipei, Tainan, and Kaohsiung based on the project plans.

Though undeveloped land in prime areas of Taiwan is scarce nowadays and the price of land is extremely high, making it very challenging to acquire land through purchases; nevertheless, the Company strongly supports the development trend of the urban renewal policy, and has acquired land development rights in prime areas using joint construction or contract construction. This will also be the Company's key developments going forward.

During the land development stage, the Company conducts due diligence on major government policies, progress of public construction projects, regional household administration policies, and the current state of the property. We carefully evaluate the potential risks and profits of the investment and development of individual projects. Before completing the land acquisition process, we will always maintain business management and protect the interests of our customers and shareholders.

(2) Product planning:

The Company shall provide reasonably priced projects with different functions for buyers with different requirements and position products correctly based on location and scale.

(3) Resource integration:

This Company will continue to invest in the integration of computer hardware, software, and corporate intranet resources to improve management procedures, increase work efficiency, and manage the operating procedures of customer services to strengthen the Company's competitiveness.

(4) Human resource management and Talent development:

The Company has established a comprehensive human resource system. In addition to enhancing employee training to improve employee quality and professional skills, we also focus on employee benefits and provide them with a good work environment to encourage them to make use of their talents at work.

The Company will continue the human resource training program to train professional employees and attract talented management personnel to attain

sustainability and create better construction projects.

II. Overview of market, production, and sales

(I) Market analysis

1. Market conditions and forecast of Taiwan's housing market in 2023

Though favorable factors such as the demand sparked by inflation to invest in properties to retain value, and the high cost have supported the high property prices in 2022, unfavorable factors including increasingly conservative economic situation, the tightening monetary policy, the stricter housing market control, the second wave of COVID-19 pandemic, and tensions between the Taiwan Strait, have led to a cool down in the housing market in 2022. Transaction structure has turned from growing value and volume in 2021, to steady value but declining volume. In particular, the number of units transferred from sale throughout Taiwan has dropped from 348,200 in 2021, to less than 320,000 units.

Though favorable factors in 2023 including that inflation has driven real estate to become the best, value-retaining investment target to Taiwanese consumers, the government will continue to focus on encouraging urban renewal and rebuilding old and unsafe buildings, the government agencies are less lenient on the policy to curb real estate speculation, and will focus on a policy aimed for precise and strategic control. However, a new wave of supply will be released in the market, while continued labor shortage and green buildings continue to keep costs high, thereby eating away at profits in construction. Therefore, the housing market in Taiwan will continue to be sluggish in 2023.

2. Survey on residential housing demand

The survey on housing demand in 2022 was implemented in accordance with the overall residential building policy, and the targets of the survey were applicants for rental subsidies throughout the 22 counties and cities in Taiwan. The 2022 survey data showed that of all the areas for leased residential buildings, in terms of households, the type of social housing properties mostly demanded by the applicants for rental subsidies was 2 bedrooms (37.0%), followed by 3 bedrooms (35.9%). Of the six metropolitan areas, Taipei City had the most number of rental subsidies applicants who wished for 2 bedrooms (40.6%), while Taoyuan City wished for 3 bedrooms (39.9%). Of all the areas for leased residential buildings, in terms of households, the actual size of the social housing properties that applicants for rental subsidies mostly needed was between 20 pings to 30 pings (36.5%).

3. Survey on demand for plants and offices

The measures to curb real estate speculation from the Central Bank in recent years have not affected the demand from enterprises to purchase plants and offices. As business profits increase and enterprises look to expand capacity and R&D, the plants and offices market will continue to remain bullish. Observations on the supply and demand in Taipei City and New Taipei City have indicated that prices of the leader in plants and offices prices - Neihu Science and Technology Park - have grown by 70% or more, and this is expected to boost the demand for Nangang, Beitou-Shilin Technology Park, and New Taipei City.

Though the new office and plant supply in Taipei City will reach 800,000 pings

over the next five years, but in terms of location, most will be in Nangang, which will account for 400,000 pings, or 50% of this new supply. In terms of product type, most will be office buildings, while factory buildings will account for approximately 25%. Therefore, there will not be an oversupply in the market; alternatively, there may be a shortage. In particular, products with high-end software and hardware planning as well as accessible transportation and proximity to MRT stations, will be rare.

In addition, plants and offices in Taipei City already show trends to become higher end. Breakthroughs in hardware and software planning, the fame and expertise of the architects, and asset value, are gradually being made, while offer prices continue to grow.

4. Future market supply and demand and product positioning

By compiling the market forecast and residential housing demand survey results, it can be seen that Taiwan's residential housing market is slowly returning to buyers with self-use. In particular, the residential housing market in Taipei City and New Taipei City are mostly supported by inelastic demand and the supply is steady. Nevertheless, the duration of the sales cycle has been extended, and sales ratio has turned sluggish. For the past two years, the rapid growth in property prices has made properties less affordable to consumers. Therefore, by reducing the size of the units, we can control the total price of the residential building products to meet the market demand for product positioning of small and medium-sized properties. In terms of the plants and offices market in Taiwan, office buildings in Taipei City and regional factory buildings in major districts in New Taipei City remain the most promising. In particular, locations with the convenience of being close to MRT stations and the synergies of industrial clusters are the most promising for both own-use and for investment.

Overview of issued building construction licenses and total floor area of usage licenses in 2021 and 2022

Unit: Ping

Year	Quarter	Overview of issued building construction licenses and total floor area			Overview of issued usage licenses and total floor area		
		Nationwide	Taipei City	New Taipei City	Nationwide	Taipei City	New Taipei City
2021	Q1	10,643,061	487,577	1,253,452	6,306,183	386,902	732,420
	Q2	9,138,923	561,801	1,136,813	7,166,800	267,070	1,052,622
	Q3	11,429,907	617,545	1,125,059	7,028,919	438,139	928,925
	Q4	12,213,537	1,075,787	1,397,983	7,520,816	440,952	868,292
	Total	43,425,428	2,742,710	4,913,307	28,022,718	1,533,063	3,582,259
2022	Q1	10,716,690	1,361,028	1,055,896	6,429,108	388,623	1,029,720
	Q2	11,143,070	688,955	1,316,072	6,680,908	411,557	421,771
	Q3	11,820,689	937,613	1,658,564	7,400,450	300,336	868,582
	Q4	12,146,791	1,746,906	1,159,781	8,203,270	575,190	878,377
	Total	45,827,240	4,734,502	5,190,313	28,713,736	1,675,706	3,198,450

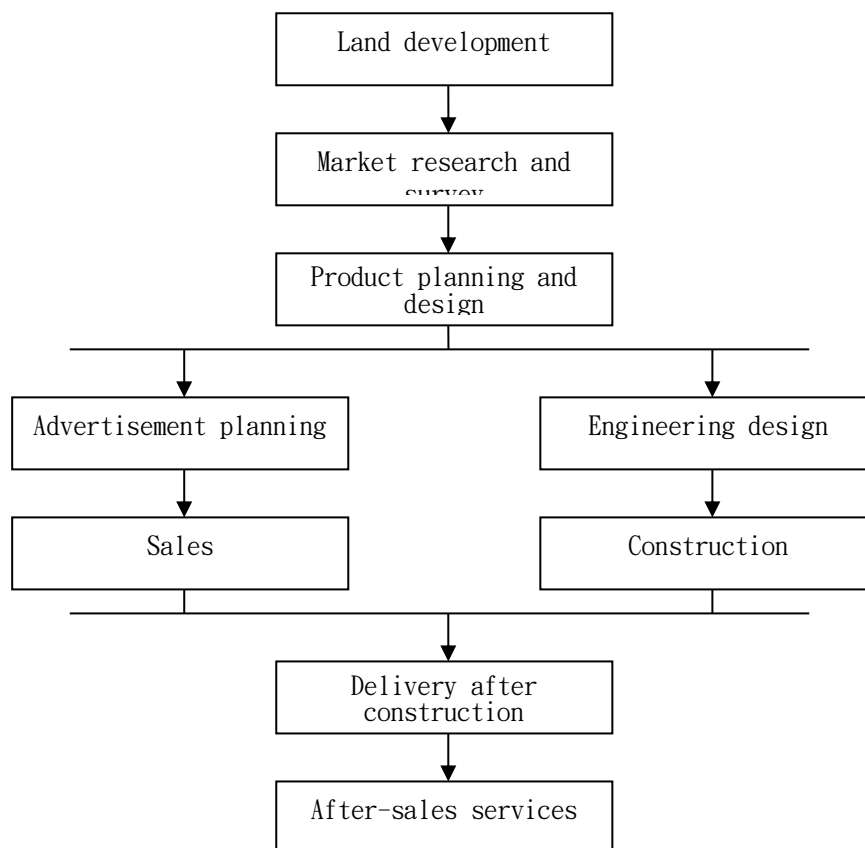
Source: Construction and Planning Agency, Ministry of the Interior

(II) Application and production of key products

1. Major applications of main products

The Company's main businesses are the construction of residential buildings, office buildings, and industrial plants for lease and sales. Lease.

2. Production process of main products



(III) Supply status of primary raw materials

1. Land for construction

The Company's Development Division continues to launch a stable number of projects. To actively acquire land and effectively accelerate the progress of existing projects, the Division makes good use of sources of land provided by brokers and attends land tender seminars organized by public and private institutions across Taiwan. We also conduct feasibility analyses on individual land tenders or public urban renewal projects. The Company expands development beyond residential projects and adopts different product positioning based on the different economic, environmental, and social needs in each area. The main products can be divided into residential buildings and commercial buildings based on their functions. The Company also targets other projects including hotels, department stores, office buildings, and plants and offices. After collecting related information, we actively participate in the tenders of feasible projects. We learn about the location, ownership, and quantity of land materials in specific areas and actively request real estate brokers to broker deals. The Company's long-term diversified land development strategy focuses on joint development with owners of private land, urban renewal projects, and other related development models for project evaluations. We increase the diversity of projects and acquire land when necessary to meet the Company's operational needs. The Company is also open to strategic alliances or joint development with other developers to integrate external

resources, develop more projects, and create more sources of revenue for the Company.

2. Construction projects

The Company appoints architects' offices with domestic qualifications for the design of projects to maintain the Company's brand image and the quality of projects. We also appoint Grade A construction companies in Taiwan for the construction of the main parts of construction projects. The parties sign official contract to protect the Company's interests and closely monitor the construction costs and profits.

(IV) Names of customers who accounted for more than 10% of the purchase(sales) in any of the last two years, and the purchase(sales) amount and ratio

1. List of key clients:

The Company is a construction company and products are generally sold directly to regular house buyers. Therefore, the Company generally does not have key clients.

The operating revenue in 2022 derived mainly from the construction revenue from Good morning, Kuo Yang Project

. As the buyers were dispersed, there were no cases where a single buyer accounts for more than 10% of total sales in this year.

2. List of key suppliers

Key suppliers in the last two years

Unit: NT\$1,000

Item	2021				2022			
	Name	Amount	Percentage of net purchases of the year(%)	Relationship with issuer	Name	Amount	Percentage of net purchases of the year(%)	Relationship with issuer
1	Landowner of Tucheng Project	1,052,875	23.38%	None	Landowner of Kaohsiung Gushan Project	1,296,265	31.08%	None
2	Landowner of Sanchong Project	944,131	20.97%	None	Tung Kang Industrial Co., Ltd.	971,486	23.29%	None
3	Land Administration Bureau, Kaohsiung City Government	566,190	12.57%	None	Zhonghe Factory Landlord	503,614	12.07%	None
4	Landowner of the Neihu Project	469,863	10.44%	None	Landlords in Minsheng section of Kaohsiung	284,690	6.83%	None
5	Chun Chieh Construction Co., Ltd.	342,479	7.61%	None	Taipei City Government Department of Urban Development	147,322	3.53%	None
6	Other	1,126,722	25.03%	-	Other	967,908	23.20%	-
	Net purchases of goods	4,502,261	100%	-	Net purchases of goods	4,171,285	100%	-

Note: The purchases include the cost of land acquisition, construction cost, and capitalized interest expenses. The sellers of land purchases are summarized and expressed for each construction project. The capitalized interest expenses cannot be expressed individually for each seller. The amount of capitalized

interest expenses in 2022 and 2021 was NT\$69,001 thousand and NT\$89,366 thousand, respectively. .

Production volume and value for the last two years

Unit: NT\$1,000

Production quantity and value Main products	Year	2021			2022		
		Production capacity	Production volume	Production value(Note)	Production capacity	Production volume	Production value(Note)
Land		-	-	-	-	-	-
Residential buildings		-	-	4,500,730	-	-	4,171,285
Other		-	-	1,531	-	-	-
Total		-	-	4,502,261	-	-	4,171,285

Note: The aforementioned data consist of land and construction costs invested in the last two years

(V) Sales volume and value for the last two years(consolidated)

Unit: Ping;NT\$1,000

Sales volume and value Main products	Year	2021				2022			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Ping	Amount	Ping	Amount	Ping	Amount	Ping	Amount
Land				-	-	-	-	-	-
Residential buildings		38,357.76	4,935,542	-	-	31,022.47	3,932,431	-	-
Lease		-	17,493	-	-	-	10,417	-	-
Other		-	171,249	-	-	-	11,668	-	-
Total			5,124,284	-	-	31,022.47	3,954,516	-	-

Note: 1. The sales value is calculated based on the operating revenue recognized for each year.

2. The sales volume refers to the total pings sold for individual projects.

III. Employees: Employee information for the last two years until the publication date of the Annual Report

Year		2021	2022	Current year as of March 19, 2023(Note)
Number of employees	Manager	7	6	6
	General employees	55	68	69
	Total	62	74	75
Average age		48.8	47.7	48.1
Average years of service		10.3	9.4	9.8
Academic qualifications	Ph.D.	0%	0%	0%
	Master's Degree	12.90%	16.22%	17.33%
	Bachelor's Degree	70.97%	70.27%	69.34%
	Senior High School	16.13%	13.51%	13.33%
	Senior High School and below	-	-	-

Note: The Company shall fill information for the current fiscal year until the publication date of the Annual Report.

IV. Environmental protection expenditure information

- (I) According to laws and regulations, if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made: Not applicable.
- (II) The Company's investment in environmental pollution prevention equipment, use, and expected benefits: Not applicable.
- (III) Explanation of the pollution treatment and environment improvement of the Company over last two years until the publication date of this report. If there had been any pollution dispute, its handling process will also be explained: None.
- (IV) Total losses and fines for environmental pollution in the two most recent fiscal years and as of the publication date of the Annual Report, and explanations of the measures and possible disbursements to be made in the future: None.
- (V) Explain the current status of pollution, its effects on the Company's earnings, competitive position and capital spending, and capital expenditure estimated major environmental protection measures in the next two years:

The Company's operations have not created environmental pollution issues and the Company has not sustained losses due to pollution. The Company also does not expect to incur material environmental protection expenditures in the future.

V. Employer-employee relations:

- (I) Current important labor-management agreements and implementation:

1. Employee welfare measures:

The Company pays close attention to employee benefits and implements benefit measures systematically on a regular basis. The main items are as follows:

- The Company purchases labor insurance, health insurance, and commercial

- group insurance (including medical insurance) for each employee.
 - Marriage, funeral, and childbirth subsidies, and employee birthday gift money.
 - The Company distributes gift money and presents each employee with gift boxes on Dragon Boat Festival, Mid-Autumn Festival, and Chinese New Year.
 - The Company organizes employee travel in Taiwan and abroad from time to time to help employees balance work and life.
 - We organize dinner parties between different departments to increase employee cohesion.
2. Employee training programs:
- We periodically organize internal and external training programs to enhance employees' competitive advantages, inspire potential, and consolidate important competitive advantages for the Company's sustainability.
 - We visit the construction projects of competitors from time to time and request suppliers to organize seminars on building materials at the Company.
3. Employee health and construction site safety:
- Health examination: The Company provides regular subsidies for employees' health examinations to take care of employees' health.
 - Medical supplies: General medical kit: The Company has installed an automated external defibrillator (AED) at the Company and provided first-aid training.
 - Maintenance of a comfortable and healthy office environment: The office was relocated to the new "Diamond-class" United Daily News Office Building which is monitored for PM2.5 each day. The Company also regularly cleans and disinfects the office environment.
4. Employee retirement system:
- New system of the Labor Pension Act: The Company pays 6% of employees' wages to the dedicated personal pension account at the Bureau of Labor Insurance each month. For those who voluntarily pay additional pension, the Company deducts amounts from the employees' monthly salary based on the voluntary appropriation rate each month.

- (II)
1. Losses arising as a result of labor disputes in the recent year up until the publication date of this annual report: None
 2. Estimations for possible losses in the future and response measures: None

VI. Information security management

(I) Information Security Risk Management Framework

- (1) The division in charge of information security is the IT Division in the Administrative Department. A dedicated information security officer has been set up, who assists in planning information security and formulating relevant systems along with several outsourced professional information security companies. The information security

officer also implements information security operations and promotes the information security policy.

- (2) In line with the "Regulations Governing Establishment of Internal Control Systems by Public Companies", the Audit Office is in charge of supervising the information security policy and operations. It is responsible for supervising the information security status and finding deficiencies, and requesting relevant units for improvements. It will also regularly follow-up and review the operations to reduce risks of information security.

(II) Information Security Policy

The Company's information security sees: Anti-virus, anti-hacking, network security, file security, and preventing unlawful conduct, as the major security policy

- (1) Anti-virus: The use of software with unknown origins is prohibited to prevent data being corrupted
- (2) Anti-hacking: Prevent the system from being leaked or exploited by implanting malware
- (3) Network security: Prevent networks from being attacked or infiltrated
- (4) Information and file security: Access management is required for system usage
- (5) Prevention of unlawful activities: Prevent conducts such as information leakage from employees, or use of illegal software etc.

(III) Specific management plans

- (1) In terms of anti-virus: Establish and monitor antivirus system, and enforce system update
- (2) Anti-hacking: Inspect whether unknown software has been installed in computers through monitoring system
- (3) Network security: Besides using firewall to prevent unknown attacks, requesting employees to adopt highly complex passwords, and locking down on accounts after too many failed login attempts, we also organize phishing tests to help employees remain vigilant from time to time
- (4) Information and file security: Access control is required for all systems and public files, and snapshot backup is done at all times
- (5) Prevention of unlawful activities: Employees sign confidentiality statement and waiver for not using unlawful software; ad-hoc education and training is also organized

(IV) Invest resources toward information security management

The IT Division is not solely responsible for information security; but rather, it is a safety concern that must be addressed by all employees. Besides investing toward defensive equipment and purchasing relevant information security services, the IT Division also promotes information security awareness to employees in order to strengthen risk management

(V) Major Information Security Incident

The Company has found no material information security incidents in 2022 and this year as of the publication date of the Annual Report.

VII. Important contracts

Supply and sales contracts, technological cooperation contracts, construction contracts, long-term loan contracts, and other important contracts that may affect investor rights and interests currently effective or expiring in the most recent year:

Nature of contract	Party	Commencement date/expiration date	Main contents	Restrictive clauses
Joint purchase, investment, and construction	Tsang Shan Development Co., Ltd. Chi Hsuan Development Co., Ltd.	May 7, 2013 to the completion of the project	Joint purchase, investment, and construction project with Chi Hsuan and Tsang Shan for the Good morning, Kuo Yang Project on 1 plot of land(No. 1382-21)on Tiaohe Section, Keelung	None
Joint investment and construction & contracted operations, management, and construction	Six companies including Wei Li International Development Co., Ltd.	September 5, 2012 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with the landowner for The Green Place Project on 1 plot of land(No. 24)on Heguan Section, Annan District, Tainan City	None
Joint construction and division of properties	27 persons including Chih-Cheng Li	March 12, 2010 to the completion of the construction and division of properties	Joint construction and division of properties with landowners in the Jilin Urban Renewal Project on 25 plots of land including plot No. 63-1 on Subsection 4, Jilin District, Taipei City	None
Joint purchase, investment, and construction	Four companies including Hanshin Asset Management Co., Ltd.	November 25, 2016 to the completion of the project	Joint purchase, investment, and construction of plants and offices with Hanshin Asset Management, Li Yang Agricultural Technology, and Heng Jui Development for the Kuo Yang Silicon Valley Project on 24 plots of land including plot No. 162 on Gonjian Section, Xizhi District, New Taipei City	None

Nature of contract	Party	Commencement date/expiration date	Main contents	Restrictive clauses
Superficies	Southern Region Branch, National Property Administration, Shen Yang Construction Co., Ltd.	2014.04~2084.04	70 years of superficies set for the Smile Era Project on plot No. 1492, Shengxing Section, Qianzhen District, Kaohsiung City	Unconditional return of land and buildings to the National Property Administration upon expiry
Joint fundraising and construction & contracted operations, management, and construction	Shen Yang Construction Co., Ltd. Han Lin Development Co., Ltd.	June 3, 2016 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with Han Lin for the Smile Era Project on plot No. 1492, Shengxing Section, Qianzhen District, Kaohsiung City	None
Joint purchase, investment, and construction	Six companies including Wei Li International Development Co., Ltd.	November 23, 2016 to the completion of the project	Joint purchase, investment, and construction of plants and offices with Chuwa Wool Industry, Hanshin Asset Management, Li Yang Agricultural Technology, Wei Li International Development, and Grand Hi-Lai Hotel for the Neihu Jiuzong Project on 4 plots of land including plot No. 83-1 on Jiuzong Section, Neihu District, Taipei City	None
Joint purchase, investment, and construction	Tsang Hsin Construction Co., Ltd.	April 28, 2021 to the completion of the project	Joint purchase, investment, and construction of residential buildings with Tsang Hsin for the Kaohsiung Fengshan Project on plot No. 9, Shengli Section, Fengshan District, Kaohsiung City	None
Joint investment and purchase & contracted operations, management, and construction	Six companies including Wei Li International Development Co., Ltd.	January 28, 2021 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with six companies for the Tucheng Project on 19 plots of land including plot No. 365 on Zhongyi Section, Tucheng District Kuo Yang invested 50%	None
Joint investment and purchase & contracted operations, management, and construction	Five companies including Wei Li International Development Co., Ltd	July 15, 2021 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with Chuwa Wool Industry, Wei Li International Development, Hanshin Asset Management, and Grand Hi-Lai Hotel for the Sanchong Zhongxing Project on 9 plots of land including plot No. 28 on Zhongxing Section, Sanchong District, New Taipei City. Kuo Yang invested 50%.	None

Nature of contract	Party	Commencement date/expiration date	Main contents	Restrictive clauses
Joint investment and purchase & contracted operations, management, and construction	Five companies including Wei Li International Development Co., Ltd.	July 4, 2022 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with Han Lin Development Co., Ltd., Wei Li International Development, Hanshin Shopping Plaza, and Grand Hi-Lai Hotel for the Xizhi Xiwan Road Project on 28 plots of land including plot No. 895 on Jiangbei Section, Xizhi District, New Taipei City. Kuo Yang invested 50%.	None
Joint investment and purchase & contracted operations, management, and construction	Seven companies including Wei Li International Development Co., Ltd.	March 22, 2022 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with Goldshare Investment Corporation, Wei Li International Development, Hanshin Asset Management, Hanshin Shopping Plaza, Hsueh-Yong Ltd., and Heng-Rui Development Co., Ltd. for the Kaohsiung Nong 16 Project on 3 plots of land including plot No. 194 on Longzhong Section, Gushan District, Kaoshiung. Kuo Yang invested 50%.	None
Jointly formed project team to execute subsequent project implementations	Taiwan Life Insurance Co., Ltd.	March 31, 2022 to the completion of the project	Jointly formed project team with Taiwan Life Insurance Co., Ltd. To execute subsequent project implementations, and to sign agreement related to this project with the organizer and execute subsequent coordination, development, planning, design, construction, and allocations for the Kaohsiung Special Trade Zone 3 (South base north side) urban renewal project.	None

F. Financial Overview

I. Condensed balance sheets, statements of comprehensive income, names of certifying CPAs, and audit opinions in the most recent five years

(I) Condensed balance sheet and statements of income

Condensed balance sheet(consolidated financial report)Unit: NT\$1,000

Item	Year	Financial data for the most recent five years(Note 1)				
		2018	2019	2020	2021	2022
Current assets		16,105,245	16,905,435	17,737,237	15,242,832	14,641,622
Property, plant and equipment(Note 2)		56,186	72,178	86,325	78,942	73,731
Intangible assets		-	-	-	-	-
Other assets(Note 2)		1,528,104	1,594,179	2,485,524	2,027,801	2,060,784
Total assets		17,689,535	18,571,792	20,309,086	17,349,575	16,776,137
Current liabilities	Before distribution	9,267,104	10,266,443	10,951,154	8,038,095	7,137,392
	After distribution	9,615,395	10,370,930	11,331,154	8,038,095	7,137,392 (Note 2)
Non-current liabilities		2,827	87,890	67,338	48,166	25,266
Total liabilities	Before distribution	9,269,931	10,354,333	11,018,492	8,086,261	7,162,658
	After distribution	9,618,222	10,458,820	11,398,492	8,086,261	7,162,658 (註 2)
Equity attributable to owners of parent company		8,419,604	8,191,461	9,256,668	9,229,402	9,509,577
Share capital		6,965,825	6,965,825	3,800,000	3,800,000	3,800,000
Capital surplus		627,683	627,683	627,683	627,683	627,683
Retained earnings	Before distribution	793,844	502,443	4,312,960	4,811,736	5,220,126
	After distribution	445,553	397,956	3,932,960	4,811,736	5,220,126 (Note 2)
Other equity		32,252	95,510	516,025	(10,017)	(138,232)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	25,998	33,926	33,912	103,902
Total equity	Before distribution	8,419,604	8,217,459	9,290,594	9,263,314	9,613,479
	After distribution	8,071,313	8,112,972	8,910,594	9,263,314	9,613,479 (Note 2)

Note 1: The financial data of the previous year have been audited and certified by the CPAs.

Note 2: Approved in the resolution of the Board of Directors on March 14, 2023.

Condensed consolidated income statement(consolidated financial report)

Unit: NT\$1,000

Item \ Year	Financial data for the most recent five years(Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	752,654	1,923,024	14,277,915	5,124,284	3,954,516
Operating profit	231,463	464,724	5,525,434	1,362,190	784,877
Operating profit and loss	(39,351)	126,498	5,003,829	940,233	279,217
Non-operating income and expenses	(15,821)	(63,023)	155,761	225,397	274,182
Net profit/loss before tax	(55,172)	63,475	5,159,590	1,165,630	553,399
Current profit or loss from continuing operations	(50,989)	56,888	4,943,067	982,137	485,918
Loss from discontinued operations	-	-	-	-	-
Current net profit(net loss)	(50,989)	56,888	4,943,067	982,137	485,918
Other comprehensive income/losses for the current period(net income after tax)	(9,143)	63,258	437,254	(249,417)	(205,753)
Total comprehensive income	(60,132)	120,146	5,380,321	732,720	280,165
Net profit(loss)attributable to owners of the parent company	(48,965)	56,890	4,943,139	982,151	485,928
Net profit(loss)attributable to non-controlling interests	(2,024)	(2)	(72)	(14)	(10)
Total comprehensive income attributable to owners of the parent company	(58,108)	120,148	5,380,393	732,734	280,175
Total comprehensive income attributable to non-controlling interests	(2,024)	(2)	(72)	(14)	(10)
EPS	(0.08)	0.08	7.58	2.58	1.28

Note 1: The financial data of the previous year have been audited and certified by the CPAs.

Condensed balance sheet(individual financial report)

Unit: NT\$1,000

Item	Year	Financial data for the most recent five years(Note 1)				
		2018	2019	2020	2021	2022
Current assets		14,410,691	15,147,587	15,434,367	12,627,309	11,557,747
Property, plant and equipment(Note 2)		18,902	34,808	34,250	30,459	28,704
Intangible assets		-	-	-	-	-
Other assets(Note 2)		1,916,480	2,092,331	3,756,247	3,708,230	4,012,183
Total assets		16,346,073	17,274,726	19,224,864	16,365,998	15,598,634
Current liabilities	Before distribution	7,924,587	8,996,759	9,902,241	7,089,706	6,064,393
	After distribution	8,272,878	9,101,246	10,282,241	7,089,706	6,064,393 (Note 2)
Non-current liabilities		1,882	86,506	65,955	46,890	24,664
Total liabilities	Before distribution	7,926,469	9,083,265	9,968,196	7,136,596	6,089,057
	After distribution	8,274,760	9,187,752	10,348,196	7,136,596	6,089,057 (Note 2)
Equity attributable to owners of parent company		8,419,604	8,191,461	9,256,668	9,229,402	9,509,577
Share capital		6,965,825	6,965,825	3,800,000	3,800,000	3,800,000
Capital surplus		627,683	627,683	627,683	627,683	627,683
Retained earnings	Before distribution	793,844	502,443	4,312,960	4,811,736	5,220,126
	After distribution	445,553	397,956	3,932,960	4,811,736	5,220,126 (Note 2)
Other equity		32,252	95,510	516,025	(10,017)	(138,232)
Treasury stock		-	-	-	-	-
Total equity	Before distribution	8,419,604	8,191,461	9,256,668	9,229,402	9,509,577
	After distribution	8,071,313	8,086,974	8,876,668	9,229,402	9,509,577 (Note 2)

Note 1: The financial data of the previous year have been audited and certified by the CPAs.

Note 2: Approved in the resolution of the Board of Directors on March 14, 2023.

Condensed consolidated income statement (individual financial report)

Unit: NT\$1,000

Item \ Year	Financial data for the most recent five years(Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	198,716	1,393,666	13,789,342	4,527,439	3,111,563
Operating profit	111,704	357,960	5,633,634	1,210,051	526,492
Operating profit and loss	(118,258)	99,089	5,194,466	857,060	104,582
Non-operating income and expenses	65,110	(35,612)	(34,804)	299,773	433,068
Net profit/loss before tax	(53,148)	63,477	5,159,662	1,156,833	537,650
Continuing operations Current profit and loss	(48,965)	56,890	4,943,139	982,151	485,928
Loss from discontinued operations	-	-	-	-	-
Current net profit(net loss)	(48,965)	56,890	4,943,139	982,151	485,928
Other comprehensive income/losses for the current period(net income after tax)	(9,143)	63,258	437,254	(249,417)	(205,753)
Total comprehensive income	(58,108)	120,148	5,380,393	732,734	280,175
EPS	(0.08)	0.08	7.58	2.58	1.28

Note 1: The financial data of the previous year have been audited and certified by the CPAs.

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(II) Names of certifying CPAs of the most recent five years and audit opinions:

1. Names of auditors and opinions in the most recent five years

Year	Name of certifying CPA	Certifying CPA firm	Audit opinions
2018	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters
2019	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters
2020	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters
2021	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters
2022	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters

2. If there is any replacement of auditor in the last five years, the reasons for the replacement of the CPA firm and the former and successor CPAs should be explained: None

II. Financial analysis for the most recent five years

(1) Financial analysis (consolidated financial report)

Analysis item(Note 3)		Financial analysis for the most recent five years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to total assets ratio	52.40	55.75	54.25	46.61	42.70
	Ratio of long-term capital to real estate properties, plants and equipment	14,990.27	11,506.76	10,840.35	11,795.34	13,072.85
Solvency (%)	Current ratio	173.79	164.67	161.97	189.63	205.14
	Quick ratio	27.48	24.49	66.05	54.04	40.50
	Interest protection multiples	0.12	1.66	74.25	25.97	19.13
Operating ability	Receivable turnover(times)	2.97	10.70	71.10	12.39	12.63
	Average collection days	122.89	34.11	5.13	29.45	28.89
	Inventory turnover(times)	0.04	0.11	0.70	0.34	0.27
	Payable turnover(times)	1.06	2.12	10.58	4.77	6.76
	Average inventory turnover days	9,125.00	3,318.18	521.42	1,073.52	1,351.85
	Property, plant, and equipment turnover ratio(times)	5.14	29.96	180.16	62.01	51.80
	Total assets turnover(times)	0.05	0.11	0.73	0.27	0.23
Profitability	Return on assets (%)	-0.004	0.74	25.72	5.41	2.99
	Return on equity (%)	-0.64	0.68	56.47	10.59	5.15
	Pre-tax income to paid-in capital ratio(%)(Note 7)	-0.79	0.91	135.78	30.67	14.56
	Net profit margin (%)	-6.77	2.96	34.62	19.17	12.29
	Earnings per share(NT\$)	-0.08	0.08	7.58	2.58	1.28
Cash flow	Cash flow ratio (%)	-	-	82.79	7.20	-
	Cash flow adequacy ratio (%)	-	-	200.72	222.15	227.57
	Cash reinvestment ratio	-	-	84.30	-	-
Leverage	Operating leverage	0.88	1.25	1.01	1.03	1.11
	Financial leverage	0.39	4.25	1.01	1.05	1.12

Explanation of the reasons for changes in financial ratios exceeding 20% in the last two years:

1. Decrease in quick ratio: Mainly due to the decrease in quick assets in 2022.
2. Decrease in interest protection multiples: Mainly due to the decrease in net profit before tax in 2022.
3. Decrease in inventory turnover: Mainly due to the decrease in operating costs and increase in average inventories in 2022.
4. Increase in payable turnover: Mainly due to the scale in the decrease in average accounts payable being larger than the decrease in operating costs in 2022.
5. Increase in average inventory turnover days: Mainly due to the decrease inventory turnover in 2022.
6. Decrease in return on assets and return on equity: Mainly due to the decrease in net profit after tax in 2022.
7. Decrease in pre-tax income to paid-in capital ratio: Mainly due to the decrease in net profit after tax 2022.
8. Decrease in net profit margin: Mainly due to the decrease in net profit after tax in 2022.
9. Decrease in EPS: Mainly due to the decrease net profit attributable to owners of the parent company in 2022.
10. Decrease in the cash flow ratio:
Mainly due to the decrease of net cash flows in business activities in 2022

(2) Financial analysis (individual financial report)

Analysis item(Note 3)		Financial analysis for the most recent five years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to total assets ratio	48.49	52.58	51.85	43.61	39.04
	Ratio of long-term capital to real estate properties, plants and equipment	44,553.41	23,781.79	27,219.34	30,455.01	33,215.72
Solvency (%)	Current ratio	181.85	168.37	155.87	178.11	190.58
	Quick ratio	32.67	24.82	61.71	46.58	28.59
	Interest protection multiples	-0.02	2.01	124.53	37.06	20.83
Operating ability	Receivable turnover(times)	0.89	9.42	80.26	11.76	10.61
	Average collection days	410.11	38.74	4.54	31.03	34.40
	Inventory turnover(times)	0.01	0.08	0.73	0.34	0.26
	Payable turnover(times)	0.35	2.48	11.72	4.48	5.97
	Average inventory turnover days	36,500.00	4,562.50	500.00	1,073.52	1,403.84
	Property, plant, and equipment turnover ratio(times)	10.39	51.90	399.36	139.93	105.19
	Total assets turnover(times)	0.01	0.08	0.76	0.25	0.19
Profitability	Return on assets (%)	-0.04	0.65	27.28	5.67	3.18
	Return on equity (%)	-0.62	0.68	56.66	10.63	5.19
	Pre-tax income to paid-in capital ratio (%) (Note 7)	-0.76	0.91	135.78	30.44	14.15
	Net profit margin (%)	-24.64	4.08	35.85	21.69	15.62
	Earnings per share(NT\$)	-0.08	0.08	7.58	2.58	1.28
Cash flow	Cash flow ratio (%)	-	-	92.21	11.28	-
	Cash flow adequacy ratio (%)	5.82	6.18	239.91	248.04	202.99
	Cash reinvestment ratio	-	-	85.36	0.43	-
Leverage	Operating leverage	0.98	1.23	1.00	1.03	1.24
	Financial leverage	0.69	2.72	1.01	1.04	1.35

Explanation of the reasons for changes in financial ratios exceeding 20%in the last two years:

1. Decrease in quick ratio: Mainly due to the decrease in quick assets in 2022.
2. Decrease in interest protection multiples: Mainly due to the decrease in net profit before tax in 2022.
3. Decrease in inventory turnover: Mainly due to the decrease in operating costs and increase in average inventories in 2022.
4. Increase in payable turnover: Mainly due to the scale in the decrease in average accounts payable being larger than the decrease in operating costs in 2022.
5. Increase in average inventory turnover days: Mainly due to the decrease inventory turnover in 2022.
6. Decrease in property, plant, and equipment turnover ratio total assets turnover: Mainly due to the decrease in net sales in 2022.
7. Decrease in return on assets and return on equity: Mainly due to the decrease in net profit after tax in 2022.
8. Decrease in pre-tax income to paid-in capital ratio: Mainly due to the decrease in net profit before tax in 2022.
9. Decrease in net profit margin: Mainly due to the decrease in net profit after tax in 2022
10. Decrease in EPS: Mainly due to the decrease net profit after tax in 2022
11. Decrease in the cash flow ratio and cash reinvestment ratio:
Mainly due to the decrease of net cash flows in business activities in 2022
12. Increase in operating leverage and financial leverage: Mainly due to the lower operating profit in 2022

Note: The formula for calculating the financial ratio is as follows:

1. Financial structure

- (1) Debt to total assets ratio = total liabilities / total assets.
- (2) Ratio of long-term capital to real estate properties, plants and equipment = (total equity + non-current liabilities) / net amount of real estate properties, plants and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expense) / current liabilities.
- (3) Interest protection multiples = net income before tax and interest expenses / current interest expenses.

3. Operating ability

- (1) Accounts receivable (including accounts receivable and notes receivable arising from operation) turnover ratio = net sales / average receivables (including accounts receivable and notes receivable arising from operation) balances.
- (2) Average collection period = 365 / receivable turnover.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Accounts payable (including accounts payable and notes payable arising from operation) turnover ratio = cost of goods sold / average payables (including accounts payable and notes payable arising from operation) balances.
- (5) Average inventory turnover days = 365 / inventory turnover.
- (6) Property, plant, and equipment turnover ratio = net sales / average net for property, plant, and equipment.
- (7) Total assets turnover = net sales / average total assets.

4. Profitability

- (1) Return on assets = [net income + interest expense (1 - tax rate)] / average total assets.
- (2) Return on equity = income after tax / net average equity.
- (3) Net margin = net income / net sales.
- (4) Earnings per share = (profit or loss attributable to owners of the parent company - preferred stock dividends) / weighted average number of shares issued. (Note 4)

5. Cash flow

- (1) Cash flow ratio = new cash flows from operating activities / current liabilities.
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend) for the most recent five years.
- (3) Cash reinvestment ratio = (net cash flows from operating activities - cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

- (1) Operating leverage = (net operating revenue - variable operating cost and expenses) / operating profit (Note 6).

(2) Financial leverage=operating profit/ (operating profit-interest expenses).

III. Audit Committee's Review Report for the Financial Report for the Most Recent Year

Kuo Yang Construction Co., Ltd. Audit Committee's Review Report

The 2022 Financial Statements (Consolidated Financial Statements and Individual Financial Statements) 、 Business Report and Earnings Distribution Statement. prepared by the Company's Board of Directors. The Financial Statements were audited by PricewaterhouseCoopers, Taiwan which issued an Audit Report. The aforementioned Financial Statements 、 Business Report and Earnings Distribution Statement were reviewed by the Audit Committee which found them to be compliant with regulations. The Committee therefore issued the Audit Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Respectfully submitted to

The shareholders' meeting of 2023

Audit Committee Acting Convener: Chiu-Mu Tseng

March 14, 2023

IV. Financial statements of the most recent year

Independent Auditor's Report
Comparison table (2023) Cai-Shen-Bao-Zi No. 22004605

To Kuo Yang Construction Co., Ltd.:

Audit Opinions

The Consolidated Balance Sheet of Kuo Yang Construction Co., Ltd. and subsidiaries (hereinafter referred to as Kuo Yang Group) as of December 31, 2022 and 2021, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Cash Flow Statement, and Notes to the Consolidated Financial Statements (including a summary of material accounting policies) from January 1 to December 31, 2022 and 2021 have been audited by the CPA.

In our opinion, based on the results of the CPA's audit and the audit reports of other CPAs (refer to Other Supplementary Matters), the aforementioned Consolidated Financial Statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, and explanations/interpretations approved and promulgated to be effective by FSC in all material respects and are therefore sufficient in presenting the consolidated financial conditions of the Kuo Yang Group as of December 31, 2022 and 2021, and the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2022 and 2021.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing (TWSA). Our responsibility based on these standards will be explained in greater detail in the section on our responsibilities for the review of the Consolidated Financial Statements. The personnel of the CPA firm who are governed by regulations on independence have acted according to the ROC CPA Code of Professional Ethics and remained independent of Kuo Yang Group when fulfilling other obligations set forth in the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters pertain to the most important items of Kuo Yang Group's 2022 Consolidated Financial Statements as per the professional judgment of the CPA. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Consolidated Financial Statements of Kuo Yang Group for 2022 are as follows:

Appropriateness of the period in which income from the sales of houses and land is recognized

Description

Refer to Note 4 (29) in the Consolidated Financial Statements for accounting policies on operating revenue from construction. Refer to Note 6 (18) of the Consolidated Financial Report for description of accounting items.

The revenue from the sales of houses and land in the construction business is recognized when the ownership of the real estate is transferred and the property handover certificate is delivered to the customer. As the houses and land of a construction business are sold to many customers, the CPA is required to review all information on the transfer of ownership before recognizing sales revenue. The process generally involves a high amount of manual labor to determine the accuracy of the timing for recognizing sales revenue. Therefore, the CPA regarded the appropriateness of the period in which income from the sales of houses and land is recognized as one of the most important items in the audit.

Corresponding auditing procedures

The CPA has compiled the following corresponding procedures that were executed for the specific levels described in the aforementioned key audit matters:

- We interviewed the management level to understand and review the procedures for recognizing sales revenue from the sales of houses and land and verify whether the procedures have been consistently adopted in the period of the Financial Statements.
- We assessed and tested the appropriateness of the period in which income from the sales of houses and land is recognized by the management within a certain period after the end of the period, including the information on the transfer of ownership of the land and houses and related dates to verify the accuracy of the timing for recognizing sales revenue.

Other matters - Reference to audits of other CPAs

We did not audit certain investments accounted for through the equity method in the financial statements of Kuo Yang Group for 2022 and 2021. Those financial statements were audited by other CPAs. As such, our opinions in the aforementioned Consolidated Financial Statements on the amounts included in the aforementioned financial statements and related information disclosed in Note 13 were based on audit reports of other CPAs. The investment on equity method totaling NT\$986,405 thousand and NT\$970,823 thousand as of December 31, 2022 and 2021 accounted for 5.88% and 5.60% of the total assets, respectively. The comprehensive income recognized for 2022 and 2021 was NT\$142,204 thousand and

NT\$168,898 thousand, which accounted for 50.76% and 23.05% of the total comprehensive income for the period, respectively.

Other matters - Individual Financial Statements

Kuo Yang Construction Co., Ltd. has prepared Individual Financial Statements for 2022 and 2021, for which we have issued an audit report containing an unqualified opinion plus other matters for reference.

Responsibilities of the management and the governing bodies for the Consolidated Financial Statements

The responsibility of the management was to prepare the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, and explanations/interpretations approved and promulgated to be effective by FSC to properly indicate the company's financial status and to maintain necessary internal control with regard to establishment of consolidated financial statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When the Consolidated Financial Statements were in the process of preparation, the responsibility of the management also included assessment of the capacity of Kuo Yang Group to continue operation, disclosure of related matters and the accounting approaches to be adopted when the company continued to operate unless the management intended to liquidate or suspend the business of Kuo Yang Group if there was not any other option except liquidation or suspension of the company's business.

The governance units (including the Audit Committee) of Kuo Yang Group are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an independent auditor's report. Reasonably reliable means highly reliable. However, auditing work carried out in accordance with the Standards on Auditing (TWSA) cannot guarantee detection of significant misrepresentations in the Consolidated Financial Statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

When conducting the auditing work according to the Standards on Accounting (TWSA), we exercised our professional judgment and professional skepticism. We also execute the following tasks:

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Consolidated Financial Statements; Designed and carried out appropriate countermeasures for the evaluated risks; Obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risks of material misstatements due to fraud are greater than those caused by errors.
2. Acquired necessary understanding about internal control which matters to audit and provide appropriate audit procedure under such circumstances. However, the purpose of such understanding is not for providing any opinion on the effectiveness of internal control of Kuo Yang Group.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Concluded on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Kuo Yang Group's ability to continue as a going concern. If we consider that material uncertainty exists in these matters or conditions, we are required to remind the users of the Consolidated Financial Statements to pay attention to relevant disclosure in the statements in their audit report, or revise the audit opinions when such disclosure is inappropriate. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Kuo Yang Group to cease to continue as a going concern.
5. Evaluated the overall expression, structure and content of the Consolidated Financial Statements (including related notes) and if these statements present fairly the related transactions and events.
6. Obtained sufficient and appropriate proof for audit on the finances of the individual entities in Kuo Yang Group to state our opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the consolidated audit. We remain solely responsible for the audit opinions of the Consolidated Financial Statements.

The CPAs' communications with the governance units include the planned scope and period of the audit and material finding in the audit (including significant defects identified in the internal control during auditing procedures).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and communicated with them about the all relations and other matters (including related preventive measures) that could affect the independence of the CPA.

From the matters communicated with those charged with governance, the CPA determines matters that were of most significance in the audit of the 2022 Consolidated Financial Statements of Kuo Yang Group for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

Chun-Yuan Hsiao

CPA

Fang-Yu Wang

Former Securities and Futures Bureau, Financial
Supervisory Commission

No. of Approval Document: Jin-Guan-Zheng-6 No.
0960042326

Financial Supervisory Commission

No. of Approval Document: Jin-Guan-Zheng-Shen No.
1030027246

March 14, 2023

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Unit: NT\$1,000

Assets	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 2,221,552	13	\$ 2,661,525	15
1110	Current financial assets at fair value through profit or loss	6 (2)	16,964	-	20,424	-
1120	Current financial assets at fair value through other comprehensive income	6 (3)	433,514	3	744,787	4
1140	Contract assets - current	6 (18)	18,434	-	-	-
1150	Notes receivable, net	6 (4)	79,058	-	70,618	-
1170	Accounts receivable, net	6 (4) and 7	22,130	-	454,495	3
1200	Other receivables	7	21,248	-	305,206	2
1220	Current income tax assets		376	-	11,848	-
130X	Inventories	6 (5) (6) (9) and 8	11,659,894	70	10,658,248	62
1410	Prepayments		91,258	1	240,506	1
1476	Other Financial Assets - Current	8	37,347	-	1,230	-
1479	Other current assets - other		39,847	-	73,945	1
11XX	Total current assets		<u>14,641,622</u>	<u>87</u>	<u>15,242,832</u>	<u>88</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6 (3) and 7	504,966	3	426,132	3
1550	Investments recognized under the equity method	6 (7) and 7	987,423	6	971,832	6
1600	Property, plant and equipment	6 (8) and 8	73,731	-	78,942	1
1755	Right-of-use assets	6 (5) (9)	40,053	-	61,412	-
1760	Investment properties, net	6 (10) and 8	252,641	2	254,028	1
1840	Deferred income tax assets		439	-	13,737	-
1920	Refundable deposits	7	104,859	1	164,002	1
1980	Other Financial Assets - Non Current	8	89,455	1	59,437	-
1990	Other non-current assets - other		80,948	-	77,221	-
15XX	Total non-current assets		<u>2,134,515</u>	<u>13</u>	<u>2,106,743</u>	<u>12</u>
1XXX	Total assets		<u>\$ 16,776,137</u>	<u>100</u>	<u>\$ 17,349,575</u>	<u>100</u>

(Continued)

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Unit: NT\$1,000

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term borrowings	6 (11)	\$ 5,465,517	33	\$ 4,671,351	27
2110	Short-term notes and bills payable	6 (12)	527,672	3	1,138,402	7
2130	Contract liabilities - current	6 (18)	208,411	1	998,447	6
2150	Notes payable		73,925	1	245,348	1
2170	Accounts payable		224,527	1	394,337	2
2219	Other payables - other	7	471,703	3	253,898	2
2230	Current income tax liabilities		72,091	1	217,920	1
2280	Lease liabilities - current		22,151	-	22,308	-
2399	Other current liabilities - other		71,395	-	96,084	1
21XX	Total current liabilities		<u>7,137,392</u>	<u>43</u>	<u>8,038,095</u>	<u>47</u>
Non-current liabilities						
2580	Lease liabilities - non-current		21,707	-	44,092	-
2645	Deposits received	7	2,312	-	2,853	-
2670	Other non-current liabilities - other		1,247	-	1,221	-
25XX	Total non-current liabilities		<u>25,266</u>	<u>-</u>	<u>48,166</u>	<u>-</u>
2XXX	Total liabilities		<u>7,162,658</u>	<u>43</u>	<u>8,086,261</u>	<u>47</u>
Equity						
Equity attributable to owners of parent company						
	Share capital	6 (14)				
3110	Capital stock - common		3,800,000	23	3,800,000	22
	Capital surplus	6 (15)				
3200	Capital surplus		627,683	4	627,683	3
	Retained earnings	6 (16)				
3310	Legal reserve		999,950	6	988,010	6
3320	Special reserve		10,017	-	-	-
3350	Undistributed earnings		4,210,159	25	3,823,726	22
	Other equity	6 (17)				
3400	Other equity		(138,232)	(1)	(10,017)	-
31XX	Total equity attributable to owners of parent company		<u>9,509,577</u>	<u>57</u>	<u>9,229,402</u>	<u>53</u>
36XX	Non-controlling interest		<u>103,902</u>	<u>-</u>	<u>33,912</u>	<u>-</u>
3XXX	Total equity		<u>9,613,479</u>	<u>57</u>	<u>9,263,314</u>	<u>53</u>
	Significant contingent liabilities and unrecognized contractual commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 16,776,137</u>	<u>100</u>	<u>\$ 17,349,575</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NT\$1,000

(except earnings per share which is expressed in NT\$)

Item	Notes	2022		2021	
		Amount	%	Amount	%
4000 Operating revenue	6 (18) and 7	\$ 3,954,516	100	\$ 5,124,284	100
5000 Operating costs	6 (15) (23) (24)	(3,169,639)	(80)	(3,762,094)	(74)
5900 Operating profit		<u>784,877</u>	<u>20</u>	<u>1,362,190</u>	<u>26</u>
Operating expenses	6 (23) (24)				
6100 Promotion expenses		(176,846)	(5)	(169,106)	(3)
6200 Administrative expenses		(328,814)	(8)	(252,851)	(5)
6000 Total operating expenses		(505,660)	(13)	(421,957)	(8)
6900 Operating profit		<u>279,217</u>	<u>7</u>	<u>940,233</u>	<u>18</u>
Non-operating income and expenses					
7100 Interest income	6 (19)	6,056	-	7,143	-
7010 Other income	6 (20)	113,713	3	72,190	2
7020 Other profits and losses	6 (21)	(9,287)	-	(12,671)	-
7050 Finance costs	6 (22)	(30,519)	(1)	(46,674)	(1)
7060 Share of profit or loss of affiliates and joint ventures recognized under the equity method	6 (7)	<u>194,219</u>	<u>5</u>	<u>205,409</u>	<u>4</u>
7000 Total non-operating income and expenses		<u>274,182</u>	<u>7</u>	<u>225,397</u>	<u>5</u>
7900 Pre-tax profit		<u>553,399</u>	<u>14</u>	<u>1,165,630</u>	<u>23</u>
7950 Income tax expenses	6 (25)	(67,481)	(2)	(183,493)	(4)
8200 Net profit of the term		<u>\$ 485,918</u>	<u>12</u>	<u>\$ 982,137</u>	<u>19</u>

(Continued)

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NT\$1,000

(except earnings per share which is expressed in NT\$)

Item	Notes	2022		2021	
		Amount	%	Amount	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6 (17)			
				(\$ 206,045)	(5)
8310	Total components of other comprehensive income that will not be reclassified to profit or loss			(\$ 249,335)	(5)
				(206,045)	(5)
Components that may be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements	6 (17)		283	-
				(108)	-
8370	Share of other comprehensive profit or loss of affiliates and joint ventures recognized under the equity method - components that may be reclassified to profit or loss	6 (17)		9	-
				26	-
8360	Total components that may be reclassified to profit or loss			292	-
				(82)	-
8300	Other comprehensive income (net)			(\$ 205,753)	(5)
8500	Total comprehensive income			\$ 280,165	7
	Net profit (loss) attributable to:			\$ 732,720	14
8610	Owners of the parent company		\$ 485,928	12	\$ 982,151
8620	Non-controlling interest		(10)	-	(14)
			\$ 485,918	12	\$ 982,137
	Total comprehensive income attributable to:				
8710	Owners of the parent company		\$ 280,175	7	\$ 732,734
8720	Non-controlling interest		(10)	-	(14)
			\$ 280,165	7	\$ 732,720
EPS					
9750	Basic earnings per share	6 (26)		\$ 1.28	\$ 2.58
9850	Diluted earnings per share			\$ 1.28	\$ 2.58

The accompanying notes are an integral part of these consolidated financial statements.

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT\$1,000

	Notes	Equity attributable to owners of parent company								Non-controlling interest	Total equity
		Retained earnings					Other equity				
		Capital stock - common	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total		
<u>2021</u>											
Balance as of January 1, 2021		\$ 3,800,000	\$ 627,683	\$ 856,070	\$ -	\$ 3,456,890	\$ 22,116	\$ 493,909	\$ 9,256,668	\$ 33,926	\$ 9,290,594
Net profit of the term		-	-	-	-	982,151	-	-	982,151	(14)	982,137
Other comprehensive income for the period	6 (17)	-	-	-	-	-	(82)	(249,335)	(249,417)	-	(249,417)
Total comprehensive income		-	-	-	-	982,151	(82)	(249,335)	732,734	(14)	732,720
Earnings appropriation and distribution:	6 (16)										
Allocation to legal reserve		-	-	131,940	-	(131,940)	-	-	-	-	-
Cash dividends		-	-	-	-	(760,000)	-	-	(760,000)	-	(760,000)
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	6 (17)	-	-	-	-	276,625	-	(276,625)	-	-	-
Balance as of December 31, 2021		\$ 3,800,000	\$ 627,683	\$ 988,010	\$ -	\$ 3,823,726	\$ 22,034	(\$ 32,051)	\$ 9,229,402	\$ 33,912	\$ 9,263,314
<u>2022</u>											
Balance as of January 1, 2022		\$ 3,800,000	\$ 627,683	\$ 988,010	\$ -	\$ 3,823,726	\$ 22,034	(\$ 32,051)	\$ 9,229,402	\$ 33,912	\$ 9,263,314
Net profit of the term		-	-	-	-	485,928	-	-	485,928	(10)	485,918
Other comprehensive income for the period	6 (17)	-	-	-	-	-	292	(206,045)	(205,753)	-	(205,753)
Total comprehensive income		-	-	-	-	485,928	292	(206,045)	280,175	(10)	280,165
Earnings appropriation and distribution:	6 (16)										
Allocation to legal reserve		-	-	11,940	-	(11,940)	-	-	-	-	-
Provision for special surplus reserve		-	-	-	10,017	(10,017)	-	-	-	-	-
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	6 (17)	-	-	-	-	(77,538)	-	77,538	-	-	-
Changes in non-controlling interests for the period		-	-	-	-	-	-	-	-	70,000	70,000
Balance as of December 31, 2022		\$ 3,800,000	\$ 627,683	\$ 999,950	\$ 10,017	\$ 4,210,159	\$ 22,326	(\$ 160,558)	\$ 9,509,577	\$ 103,902	\$ 9,613,479

The accompanying notes are an integral part of these consolidated financial statements.

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2022 and 2021

Unit: NT\$1,000

	Notes	2022	2021
<u>Cash Flows from Operating Activities</u>			
Net profit before tax of the current period		\$ 553,399	\$ 1,165,630
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6 (23)	29,924	29,882
Amortization cost	6 (23)	542	234
Interest expenses	6 (22)	30,519	46,674
Interest income	6 (19)	(6,056)	(7,143)
Share of profit (loss) of affiliates and joint ventures recognized under the equity method	6 (7)	(194,219)	(205,409)
Dividend income	6 (20)	(75,629)	(51,934)
Gains or losses on financial assets at fair value through profit or loss	6 (21)	3,460	(262)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(18,434)	-
Notes receivable, net		(8,440)	(18,070)
Accounts receivable, net		432,365	(204,981)
Other receivables		283,958	188,213
Inventories		(912,280)	(393,341)
Prepayments		126,748	334,192
Other current assets		34,098	2,731
Other non-current assets		18,231	40,245
Changes in operating liabilities			
Contract liabilities		(790,036)	(13,597)
Notes payable		(171,423)	138,160
Accounts payable		(169,810)	(434,696)
Other payables		220,595	(39,765)
Other current liabilities		(24,689)	6,982
Cash inflow (outflow) generated from operations		(637,177)	583,745
Interest received		6,056	2,256
Interest paid		(122,649)	(112,740)
Income tax paid		(188,495)	(10,206)
Dividends received		202,251	116,094
Net cash inflow (outflow) from operating activities		(740,014)	579,149

(Continued)

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2022 and 2021

Unit: NT\$1,000

	Notes	2022	2021
<u>Cash Flows from Investing Activities</u>			
Current financial assets at fair value through profit or loss		\$ -	\$ 12,113
Acquisition of current financial assets at fair value through other comprehensive income		(507,851)	(2,624,129)
Disposal of current financial assets at fair value through other comprehensive income		645,796	2,374,751
Acquisition of non-current financial assets at fair value through other comprehensive income	7	(59,548)	(10,645)
Decrease (increase) in other financial assets		(66,135)	228,108
Acquisition of payments for investments recognized under the equity method	7	-	(22,456)
Decrease (increase) in guarantee deposits		59,143	(59,715)
Acquisition of property, plant and equipment		(1,967)	-
Proceeds from disposal of property, plant and equipment		-	108
Net cash inflow (outflow) from investing activities		<u>69,438</u>	<u>(101,865)</u>
<u>Cash Flows from Financing Activities</u>			
Increase in short-term loans	6 (27)	794,166	1,152,512
Decreases in short-term notes payable	6 (27)	(610,730)	(744,971)
Repayments of lease liabilities	6 (27)	(22,542)	(21,403)
Decrease in guarantee deposits received	6 (27)	(541)	(143)
Cash dividends paid	6 (16) (27)	-	(760,000)
Cash refunded in capital reduction	6 (14)	-	(3,165,825)
Changes in non-controlling interests		70,000	-
Cash inflow (outflow) generated from financing activities, net		<u>230,353</u>	<u>(3,539,830)</u>
Effect of exchange rate changes on cash and cash equivalents		250	(868)
Decrease in cash and cash equivalents		(439,973)	(3,063,414)
Cash and cash equivalents at beginning of period		2,661,525	5,724,939
Cash and cash equivalents at end of period		<u>\$ 2,221,552</u>	<u>\$ 2,661,525</u>

The accompanying notes are an integral part of these consolidated financial statements.

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
2022 and 2021

Unit: NT\$1,000
(Unless specified otherwise)

I. Company history

Kuo Yang Construction Co., Ltd. (hereinafter referred to as the "Company") was established in June 1972. The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the construction of public housing and the lease and sales of commercial residential buildings, industrial plants, and commercial buildings. The Company has been listed on the Taiwan Stock Exchange since November 14, 1979.

II. Date and procedures of approval of the financial statements

The Consolidated Financial Report was released with the approval of the Board of Directors on March 14, 2023.

III. Application of new standards, amendments and interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards as endorsed and promulgated to be effective by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

New, revised, and amended standards, interpretations and amendments endorsed by the FSC and promulgated to be effective from 2022 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, "Conceptual Framework"	January 1, 2022
Amendments to IAS 16, "Property, Plant and Equipment — Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37, "Onerous Contracts — Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment.

(II) Effects of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New, revised, and amended standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IAS 1, "Accounting Policy Disclosure"	January 1, 2023
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment.

(III) IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed by the FSC

New, revised, and amended IFRSs and interpretations issued by IASB but not yet endorsed by the FSC are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16, "Lease Liabilities in a Sale and Leaseback"	January 1, 2024
IFRS 17, "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1, "Non-current Liabilities with Covenants"	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment.

IV. Summary of significant accounting policies

The material accounting policies applied in the preparation of the Consolidated Financial Report are summarized as follows: Except as stated otherwise, such policies have been consistently applied to all the periods presented.

(I) Statement of compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations (collectively referred to as "IFRSs") endorsed and promulgated to be effective by the FSC.

(II) Basis of preparation

1. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
 - (1) Financial assets at fair value through profit or loss.
 - (2) Financial assets at fair value through other comprehensive income.
2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The items involving a higher degree of judgment or complexity, or items where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. Basis for preparation of financial statements
 - (1) All subsidiaries are included in the Group's consolidated financial statements. "Subsidiaries" are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (3) The profit or loss and each component of other comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, and total comprehensive income shall also be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions (i.e., transactions among owners in their capacity as owners). Difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity.
 - (5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. The fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the

affiliate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. The amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the Group directly disposed of relevant assets or liabilities. It means that profit or loss previously recognized in other consolidated profit or loss shall be reclassified as profit or loss when related assets or liabilities are disposed of. When the Group loses control over this subsidiary, the profit and loss shall be transferred from equity and reclassified as profit or loss.

2. Subsidiaries included in the consolidated financial statements:

Name of investment company	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2022	December 31, 2021
The Company	Shadwell Limited.	Investment in real estate property	100%	100%
The Company	Shang Yang International Asset Management Co., Ltd.	Residence and buildings lease construction and development	100%	100%
The Company	Shen Yang Construction Co., Ltd. (Shen Yang Construction)	Residence and buildings lease construction and development	100%	100%
The Company	Star Epoch International Co., Ltd. (Note)	Residence and buildings lease construction and development	80%	-
Shen Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	Horticulture services and afforestation	100%	100%
Shen Yang Construction Co., Ltd.	Chi Yang Construction Co., Ltd.	Residence and buildings lease construction and development	80%	80%
Shang Yang International Asset Management Co., Ltd.	Century Rainbow Limited.	Professional investment	100%	100%
Century Rainbow Limited.	Celestial Talent Limited.	Professional investment	100%	100%
Century Rainbow Limited.	Charm Merit Limited.	Professional investment	100%	100%

Note: This is a new subsidiary founded in the second quarter of 2022.

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustments for subsidiaries with different balance sheet dates: None.
5. Material limitation on the acquisition or use of assets and capacity for debt repayment:

None.

6. Subsidiaries that have non-controlling interests that are material to the Group: None.

(IV) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (i.e., the "functional currency"). The Consolidated Financial Report is presented in NTD which is the Company's functional currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss in the period in which they arise.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (4) All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses" based on the nature of the transactions.

2. Translation of foreign operations

- (1) The operating results and financial position of all the Group's entities and affiliates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - C. All resulting exchange differences are recognized in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be

accounted for as disposal of all interest in the foreign operation.

(V) Classification of current and non-current items

The Group engages in commissioned construction of buildings or plants for sale and contracting for construction projects with business cycles which are generally more than 1 year. Assets and liabilities related to the construction business are classified as current or non-current based on the business cycle. The standards for the classification of current and non-current accounts are as follows:

1. Assets that meet one of the following criteria are classified as current assets:
 - (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (2) Liabilities arising mainly from trading activities;
 - (3) Assets that are expected to be realized within twelve months from the balance sheet date; or
 - (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Assets not meeting the above criteria are classified by the Group as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:
 - (1) Liabilities that are expected to be paid off within the normal operating cycle;
 - (2) Liabilities arising mainly from trading activities;
 - (3) Liabilities that are to be paid off within twelve months from the balance sheet date; or
 - (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities not meeting the above criteria are classified by the Group as non-current liabilities.

(VI) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VII) Financial assets at fair value through profit or loss

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using transaction date accounting.
3. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently measured and stated at fair value, and any changes in the fair value of these

financial assets are recognized in profit or loss.

4. The Group recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(VIII) Financial assets at fair value through other comprehensive income

1. The Company may make irrevocable election at initial recognition to recognize the changes in fair value in other comprehensive income for the investments in equity instruments that are not held for trading.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive profit or loss are recognized and derecognized using transaction date accounting.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity instruments are recognized in other comprehensive income. The cumulative gain or loss previously recognized in other comprehensive income shall be recorded to retained earnings and not be reclassified to profit or loss upon the derecognition. The Group recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(IX) Accounts and notes receivable

1. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(X) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost at each balance sheet date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information (including forecasts). On the other hand, the Company recognizes the impairment provision for lifetime ECLs for accounts receivable or contract assets containing a significant financing component.

(XI) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XII) Lease transaction as a lessor

Lease income from an operating lease (net of any incentives given to the lessee) is recognized

in profit or loss on a straight-line basis over the lease term.

(XIII) Inventories

1. Inventories include construction land, houses and land under construction, and houses and land to be sold which are initially recorded at cost. Construction profit and loss is recognized based on the completed-contract method. Construction land is listed as houses and land under construction when they are under active development. The related interest expenses are capitalized in the period from active development or commencement of construction till the completion of construction.
2. Inventories at the end of the period is measured based on the cost and net realizable value, whichever is lower. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable expenses.

(XIV) Investments/affiliates recognized under the equity method

1. Affiliates are all entities over which the Group has significant influence but not control. In general, it is presumed that an investor has significant influence if the investor holds, directly or indirectly, 20% or more of the voting rights of the investee. Investments in affiliates are accounted for through the equity method and are initially recognized at cost.
2. The Group's share of its affiliates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an affiliate equals or exceeds its interest in the affiliate, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the affiliate.
3. When changes in an affiliate's equity do not arise from profit or loss or other comprehensive income of the affiliate and such changes do not affect the Group's ownership percentage of the affiliate, the Group recognizes change in ownership interests in the affiliate in "capital surplus" in proportion to its ownership.
4. Unrealized gains on transactions between the Group and its affiliates are eliminated to the extent of the Group's interest in the affiliates. Unrealized losses are also eliminated unless evidence of an impairment of the asset transferred in the transaction is provided. Accounting policies of affiliates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. When the Group disposes its investment in an affiliate and loses significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss, on the same basis as would be required if the Group directly disposed of relevant assets or liabilities. It means that profit or loss previously recognized in other consolidated profit or loss shall be reclassified as profit or loss when related assets or liabilities are disposed of. When the Group loses material influence over this affiliate, the profit and loss shall be transferred from equity and reclassified as profit or loss. If it retains significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are

reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(XV) Joint operations

With regard to equity in joint operations, the Group recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Financial Report.

(XVI) Property, plant and equipment

1. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors', from the date of the change. The estimated useful life of real property is 50 years and the useful life of other assets is 3-5 years.

(XVII) Lease transaction as a lessee - right-of-use assets/lease liabilities

1. The Group recognizes lease assets as right-of-use assets and lease liabilities at the commencement date of the lease. For short-term leases or leases of low value assets, lease payments are recognized as expenses using the straight-line method during the lease term.
2. On the commencement date, the Group measures lease liabilities by the present value of outstanding lease payments, using the Group's incremental borrowing rate. Lease payments include
 - (1) Fixed payments less any lease incentives receivable; and
 - (2) Variable lease payments determined by changes in an index or rate.In subsequent periods, the Company measures lease liabilities at amortized cost using the effective interest method and recognizes interest expense during the lease term. If the lease term or lease payment is changed due to reasons other than amendments to the lease contracts, the Company will remeasure the lease liabilities. The remeasurement amount is then recognized as an adjustment to the right-of-use assets.
3. Lease liabilities are recognized at cost on the starting date of the lease. The cost includes:

- (1) the original measurement amount of the lease liabilities;
- (2) any lease payments made on or before the commencement date;
- (3) any original direct cost incurred; and
- (4) Estimated cost for the dismantling and removal of the asset and the restoration of its location, or the estimated cost for the restoration of conditions specified in the lease criteria and conditions.

The right-of-use assets are subsequently measured by adopting the cost model. The Company depreciates the right-of-use assets at the earlier of the right-of-use assets' useful life or the end of lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any remeasurements of the lease liability.

(XVIII) Investment properties

An investment property is measured initially at its cost and subsequently measured under the cost approach. The depreciation is recognized on a straight-line basis over a useful life of 20 to 60 years.

(XIX) Intangible assets

Intangible assets include computer software which is recognized at acquisition cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(XX) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there are any impairment indications. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XXI) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXII) Accounts and notes payable

1. Accounts payable are the liabilities for purchases of raw materials, goods, or services, and notes payable generated from operations and those not generated from operations.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXIII) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, canceled, or expired.

(XXIV) Financial guarantee contracts

Financial guarantee contracts are contracts for which the Group must pay specific benefits to reimburse the holder of debt instruments for losses incurred when a specific debtor is unable to repay its debts upon maturity in accordance with the terms of the original or modified debt instrument. At initial recognition, the Group measures the financial guarantee contracts at fair value. The Group subsequently measures them based on the impairment provision for the expected credit losses and recognized cumulative earnings, whichever is higher.

(XXV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service, and shall be recognized as expenses when the employees have rendered service.

2. Pension

Defined contribution plans

For defined contribution plans, the contributions shall be recognized as pension expenses when they are due on an accrual basis. Prepaid contributions shall be recognized that excess as an asset to the extent that the prepayment will lead to a cash refund or a reduction in the future payments.

3. Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognized as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' remuneration is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the Board of Directors' resolution.

(XXVI) Employee share-based payment

The date on which the Group notifies the employees of the shares retained for employee subscription in the cash capital increase, and the parties agree on the quantity and price of subscription shall be graded as the grant date.

(XXVII) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The current income tax expense is calculated on the basis of the tax laws enacted as of the balance sheet date in the countries where the Group operates and generates taxable income. The tax is levied on the unappropriated retained earnings and is recorded as income tax expense for the year after the shareholders' meeting passes the earnings distribution proposal in the following year.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. The deferred income tax is not accounted if it arises from initial recognition of an asset or liability in a transaction (excluding business mergers) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and affiliates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVIII) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(XXIX) Revenue recognition

Land development and real property sales

1. The Group's main business activities are land development and real property sales. Revenue is recognized when the control of the real property is transferred to customers. For contracts for the sale of residential properties, the real property has no other use to the Group due to contract restrictions. However, the Group has an enforceable right to the contract payments only when the legal title or use of the real estate is transferred to the customer. Therefore, revenue is recognized when the legal title or use is transferred to the customer.
2. Some of the Group 's sales contracts include variable consideration for price reduction and

the Group uses the expected or most probable amount as the appropriate estimated value for variable consideration.

3. The Group has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. According to IFRS 15, if the Group determines that there are material financial compositions in the individual contracts for pre-sales houses, it is required to adjust the pledged consideration and recognize interest expenses. IFRS 15 also states that companies should consider the materiality of financial components only at the level of the contract and not at the level of the portfolio when determining whether a financial loan is material.

Business services

The Group provides consultancy services for planning, construction, and sales of construction development projects, and executes relevant services accordingly. Labor services are recognized as revenue when providing services to customers during the financial reporting period. The customer is required to pay at the time specified in the payment schedule. A contract asset is recognized when the services provided exceed the payment, while a contract liability is recognized when the payments exceed the services provided by the Group.

(XXX) Operating segments

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker, who is responsible for allocating resources to operating segments and evaluating their performance.

V. Significant accounting judgments, estimates and main uncertainty assumptions

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Refer to the explanation on significant accounting judgments, estimates, and uncertainty assumptions below. Such assumptions and estimates have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year,

(I) Critical judgments in applying accounting policies

None.

(II) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. The management of the Group mainly uses past experience and estimates of future market sales value as the basis for estimation. Therefore, there may be significant changes.

The Group's inventory information as of December 31, 2022 is detailed in Note 6 (5).

VI. Details of significant accounts

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working capital	\$ 6,420	\$ 6,039
Demand deposits	2,214,175	2,649,675
Cheque deposits	79	79
Cash equivalents - time deposits	878	5,732
	<u>\$ 2,221,552</u>	<u>\$ 2,661,525</u>

1. The Group transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Group's revenue from pre-sales placed in a trust account and performance bond is limited in use and the limitations are recognized in "Other financial assets - current" and "Other financial assets - non-current". Please refer to Note 8.

(II) Current financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Mandatory measurement of financial assets at fair value through profit or loss		
Beneficiary certificates	\$ 21,170	\$ 21,170
Valuation adjustment	(4,206)	(746)
	<u>\$ 16,964</u>	<u>\$ 20,424</u>

1. The Group recognized net gain (loss) of (\$3,460) and \$262 within financial assets at fair value through profit or loss for 2022 and 2021 based on the financial assets at fair value through profit or loss.
2. The Group has no financial assets at fair value through profit or loss pledged to others.

(III) Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
<u>Current items</u>		
Equity instruments		
Listed stocks	\$ 591,693	\$ 788,984
Valuation adjustment	(158,179)	(44,197)
	<u>\$ 433,514</u>	<u>\$ 744,787</u>
<u>Non-current items</u>		
Equity instruments		
Stocks no listed on the TWSE, TPEX, or emerging stocks	\$ 417,049	\$ 357,501
Valuation adjustment	87,917	68,631
	<u>\$ 504,966</u>	<u>\$ 426,132</u>

1. The Group opted to classify strategic investments and investments in equity instruments with stable dividend payments as financial assets at fair value through profit or loss. The fair value of such investments as of December 31, 2022 and 2021 were \$938,480 and \$1,170,919, respectively.
2. The Group acquired the shares of Hanshin Department Store Co., Ltd. (hereinafter referred to as "Hanshin Department Store") from a related party in January 2021. As the Company's cumulative shareholding in the company has exceeded 20% and it gains significant influence over said company, the investment is recognized as an investment on equity method based on its fair value, and the cumulative profits are recognized as retained earnings. Please refer to Note 6 (7) and Note 7 (2) 7.
3. Amounts recognized in other comprehensive income in relation to the financial assets at fair value in income and other comprehensive income are listed below:

	<u>2022</u>	<u>2021</u>
<u>Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss</u>		
Fair value gain (loss) recognized in other comprehensive income	(\$ 154,042)	(\$ 213,384)
Cumulative (losses) or gains converted to retained earnings due to derecognition	(\$ 59,346)	\$ 256,092

4. The Group has no financial assets at fair value through other comprehensive profit or loss pledged to others.

(IV) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 79,058	\$ 70,618
Accounts receivable	21,492	453,192
Accounts receivable due from related parties	638	1,303
	<u>\$ 101,188</u>	<u>\$ 525,113</u>

1. The Group has no notes and accounts receivable pledged to others.
2. As of December 31, 2022, December 31, 2021 and January 1, 2020, the balance of the Group's accounts receivable (including notes receivable) were \$101,006, \$524,836, and \$282,468, respectively.
3. If the collaterals held or other credit enhancement tools are disregarded, the amount that best represents the Group's maximum exposure to credit risk for notes and accounts receivable as of December 31, 2022 and 2021, respectively, is the carrying amount of the notes and accounts receivable in each period.
4. Notes and accounts receivable are notes and accounts that are not past due or impaired.
5. Please refer to Note 12 (2) for relevant credit risk information.

(V) Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Houses and land held for sale</u>		
Beautiful Tree Hall	\$ 910	\$ 910
Kuo Yan Project	1,047,546	1,291,935
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	635,300	1,351,048
South Manor Project (Wenshan Gongxun Section Project)	4,326	10,083
Kuo Yang Silicon Valley Project (Xizhi Gongjian Section Project)	-	1,262
Smile Era Project (Qianzhen District Shengxing Section Project)	132,793	773,630
Good morning, Kuo Yang Project Phase 1 (Keelung Tiaohe Section Project)	-	1,684,924
	<u>1,820,875</u>	<u>5,113,792</u>
Minus: Allowance for valuation losses	(258,175)	(519,834)
	<u>1,562,700</u>	<u>4,593,958</u>
<u>Houses and land under construction</u>		
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	33,246	43,940
Good morning, Kuo Yang Project Phase 2 (Keelung Tiaohe Section Project)	327,135	318,249
Kuo Yang Intercontinental Project (Formerly Neihu Jiuzong Project)	1,913,082	1,596,699
Kuo Yang Jilin Project (Formerly Jilin Urban Renewal Project)	179,595	-
Kaohsiung Fengshan Project (Fengshan Shengli Project)	684,118	-
	<u>3,137,176</u>	<u>1,958,888</u>
Minus: Allowance for valuation losses	-	-
	<u>3,137,176</u>	<u>1,958,888</u>
<u>Land for construction and others</u>		
Zhudong Project	251,872	251,872
Minquan East Road Project	273,821	273,821
Kuo Yang Jilin Project (Formerly Jilin Urban Renewal Project)	-	148,180
Jingmei Section	40,174	40,174
Kaohsiung Yunwen Section	108,170	108,170
Tucheng Project	1,240,546	1,216,210
Kuo Yang Digital Project (Formerly Sanchong Project)	1,242,518	963,175
Kaohsiung Gushan Project	1,429,195	-
Guowang Xiwan Road Project	1,006,094	-
Kaohsiung Fengshan Project (Fengshan Shengli Project)	-	571,245
Kaohsiung Qianjin District Minsheng Project	285,400	-
Zhonghe Plant and Office Project	510,863	-
Xindian Baoyuan Project	277,584	262,267
Other	110,675	120,932
	<u>6,776,912</u>	<u>3,956,046</u>
Minus: Allowance for valuation losses	(170,970)	(204,720)
	<u>6,605,942</u>	<u>3,751,326</u>
<u>Prepayments for houses and land and others</u>		
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	354,076	354,076
	<u>\$ 11,659,894</u>	<u>\$ 10,658,248</u>

1. The Group recognized cost of inventories as expenses totaling \$3,168,490 and \$3,760,945 in 2022 and 2021, respectively. They included the gains on reversal recognized as a result of the recovery in net realizable value totaling \$295,409 and \$168,643, mostly attributable to the net realizable value rising as a result of the sales of certain inventories with a net realizable value lower than their costs.
2. Please refer to Note 6 (9) 3 for a description of the transfer of right-of-use assets to inventories in 2021.
3. In 2022 and 2021, the amount of inventory interest capitalization was \$89,366 and \$69,001, respectively. The interest capitalization rates ranged from 1.78% to 3.00% and 1.78% to 2.20%, respectively.
4. Please refer to Note 8 for detailed information on the Group's use of inventory as collateral.

(VI) Joint operations

1. The Group operates certain development projects through joint operations. With regard to equity in joint operations, the Group recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Consolidated Financial Report.
2. The information on the joint operations held by the Group is as follows:

<u>Project name</u>	<u>Percentage held</u>	<u>Landowner or joint builder</u>	<u>Description</u>
Kuo Yang The Green Place Project	65%	Five companies including Wei Li International Development Co., Ltd.	Annan District, Tainan City
Smile Era Project	70%	Southern Region Branch, National Property Administration, Ministry of Finance, Shen Yang Construction Co., Ltd., Han Lin Development Co., Ltd.	Qianzhen District, Kaohsiung City
Good morning, Kuo Yang Project	55%	Chi Hsuan Development Co., Ltd., Tsang Shan Development Co., Ltd.	Zhongzheng District, Keelung City
Kuo Yang Intercontinental Project (Formerly Neihu Jiuzong Project)	50%	Five companies including Wei Li International Development Co., Ltd.	Neihu District, Taipei City
Tucheng Project	50%	Four companies including Wei Li International Development Co., Ltd.	Tucheng District, New Taipei City
Kuo Yang Digital Project (Formerly Sanchong Project)	50%	Four companies including Wei Li International Development Co., Ltd.	Sanchong District, New Taipei City
Kaohsiung Fengshan Project	50%	Tsang Hsin Construction Co., Ltd., Shen Yang Construction Co., Ltd.	Fengshan District, Kaohsiung
Kaohsiung	50%	Six companies including Wei Li	Gushan District,

Gushan Project		International Development Co., Ltd.	Kaoshiung
Guowang Xiwan Road Project	50%	Four companies including Wei Li International Development Co., Ltd.	Xizhi District, New Taipei City
Zhonghe Plant and Office Project	40%	Three companies including Wei Li International Development Co., Ltd.	Zhonghe District, New Taipei City
Huangpu New Village Project	50%	Radeq Enterprise Co., Ltd.	Songshan District, Taipei City

3. The information on the shares of joint operations held by the Group is compiled as follows:

	December 31, 2022			
<u>Balance Sheet</u>	<u>Kuo Yang Intercontinental Project</u>	<u>Smile Era Project</u>	<u>The Green Place Project</u>	<u>Other construction projects</u>
Current assets				
Inventories	\$ 1,913,082	\$ 132,793	\$ 1,022,622	\$ 6,406,984
Other current assets	47,661	133,818	356,640	419,079
	<u>1,960,743</u>	<u>266,611</u>	<u>1,379,262</u>	<u>6,826,063</u>
Non-current assets	99	33,283	23,811	23,803
Total assets	<u>\$ 1,960,842</u>	<u>\$ 299,894</u>	<u>\$ 1,403,073</u>	<u>\$ 6,849,866</u>
Current liabilities				
Short-term borrowings	\$ 1,305,890	\$ -	\$ 53,430	\$ 3,958,757
Short-term notes and bills payable	-	-	186,953	-
Contract liabilities	-	68,979	11,228	98,694
Other current liabilities	84,624	36,365	57,835	119,196
	<u>1,390,514</u>	<u>105,344</u>	<u>309,446</u>	<u>4,176,647</u>
Non-current liabilities	-	-	-	721
Total liabilities	<u>\$ 1,390,514</u>	<u>\$ 105,344</u>	<u>\$ 309,446</u>	<u>\$ 4,177,368</u>
<u>Statement of Comprehensive Income</u>				
Revenue	<u>\$ 1,429</u>	<u>\$ 852,754</u>	<u>\$ 703,195</u>	<u>\$ 1,930,017</u>
Cost	<u>\$ -</u>	<u>\$ 685,566</u>	<u>\$ 598,106</u>	<u>\$ 1,740,309</u>
Fees	<u>\$ 1,277</u>	<u>\$ 53,101</u>	<u>\$ 39,603</u>	<u>\$ 61,838</u>

<u>Balance Sheet</u>	December 31, 2021			
	Kuo Yang Intercontinent al Project	Smile Era Project	The Green Place Project	Other construction projects
Current assets				
Inventories	\$ 1,596,699	\$ 773,630	\$ 1,749,064	\$ 4,780,652
Other current assets	75,369	182,491	345,368	932,081
	<u>1,672,068</u>	<u>956,121</u>	<u>2,094,432</u>	<u>5,712,733</u>
Non-current assets	-	48,054	23,684	219,545
Total assets	<u>\$ 1,672,068</u>	<u>\$ 1,004,175</u>	<u>\$ 2,118,116</u>	<u>\$ 5,932,278</u>
Current liabilities				
Short-term borrowings	\$ 1,189,500	\$ 103,935	\$ 149,526	\$ 2,808,950
Short-term notes and bills payable	-	183,674	410,412	-
Contract liabilities	821	129,914	29,573	816,696
Other current liabilities	1,874	134,934	104,133	416,169
	<u>1,192,195</u>	<u>552,457</u>	<u>693,644</u>	<u>4,041,815</u>
Non-current liabilities	1,000	395	6	120
Total liabilities	<u>\$ 1,193,195</u>	<u>\$ 552,852</u>	<u>\$ 693,650</u>	<u>\$ 4,041,935</u>
<u>Statement of Comprehensive Income</u>				
Revenue	\$ 5,031	\$ 596,609	\$ 1,490,917	\$ 2,471,403
Cost	\$ -	\$ 499,807	\$ 1,248,472	\$ 1,849,528
Fees	\$ 1,184	\$ 49,264	\$ 58,137	\$ 65,622

(VII) Investments recognized under the equity method

	December 31, 2022	December 31, 2021	Shareholding ratio
Hanshin Shopping Plaza Co., Ltd.	\$ 940,755	\$ 898,024	20%
Sweet Me Hot Spring Resort Co., Ltd.	11,212	11,775	20%
Good Fame Limited	1,018	1,009	40%
Chi Yang Construction Co., Ltd.	34,438	61,024	45%
	<u>\$ 987,423</u>	<u>\$ 971,832</u>	

- Hanshin Shopping Plaza Co., Ltd. (hereinafter referred to as "Hanshin Shopping Plaza")
 - The Group acquired the shares of Hanshin Department Store from a related party in January 2021. As the Group's cumulative shareholding in the company has exceeded 20%, the equity method is adopted for valuation. Please refer to Note 6 (3) and Note 7 (2) 7.
 - Hanshin Shopping Plaza adopted September 9, 2021 as the baseline date for the stock conversion, and merged with Hanshin Department Store through a share conversion. According to the terms of the share conversion, the share exchange ratio was 1 common share of Hanshin Department Store exchanged to 0.25 common shares of Hanshin

Shopping Plaza. After the share conversion, the Group holds 20% of the shares of Hanshin Shopping Plaza, and Hanshin Department Store became a wholly-owned subsidiary of Hanshin Shopping Plaza.

2. Please refer to Note 13 (2) basic information on the Group's affiliates.
3. The carrying amounts of the Group's individual insignificant affiliates as of December 31, 2022 and 2021 are shown in the table above, and the results of operations are as follows:

	<u>2022</u>	<u>2021</u>
Net (loss) gain from continuing operations for the period	\$194,219	\$205,409
Other comprehensive income (net income after tax)	(51,995)	(36,526)
Total comprehensive income for the period	<u>\$ 142,224</u>	<u>\$ 168,883</u>

4. The Group's aforementioned investment targets have no public quotations on the market. The share of profit/loss on equity-accounted affiliated companies in 2022 and 2021 was evaluated and disclosed based on the audited financial statements of each investee company for the same periods.

(VIII) Property, plant and equipment

	<u>2022</u>				
	<u>Land</u>	<u>Buildings and structures</u>	<u>Leasehold improvements</u>	<u>Other</u>	<u>Total</u>
January 1					
Cost	\$ 40,906	\$ 31,040	\$ 36,332	\$ 10,804	\$ 119,082
Accumulated depreciation and impairment	(4,699)	(13,228)	(12,028)	(10,185)	(40,140)
	<u>\$ 36,207</u>	<u>\$ 17,812</u>	<u>\$ 24,304</u>	<u>\$ 619</u>	<u>\$ 78,942</u>
January 1					
Addition	-	-	-	1,967	1,967
Depreciation	-	(570)	(6,088)	(520)	(7,178)
December 31	<u>\$ 36,207</u>	<u>\$ 17,242</u>	<u>\$ 18,216</u>	<u>\$ 2,066</u>	<u>\$ 73,731</u>
December 31					
Cost	\$ 40,906	\$ 31,040	\$ 36,332	\$ 12,771	\$ 121,049
Accumulated depreciation and impairment	(4,699)	(13,798)	(18,116)	(10,705)	(47,318)
	<u>\$ 36,207</u>	<u>\$ 17,242</u>	<u>\$ 18,216</u>	<u>\$ 2,066</u>	<u>\$ 73,731</u>

	2021				
	Land	Buildings and structures	Leasehold improvements	Other	Total
January 1					
Cost	\$ 40,906	\$ 31,040	\$ 36,332	\$ 11,185	\$ 119,463
Accumulated depreciation and impairment	(4,699)	(12,658)	(5,939)	(9,842)	(33,138)
	<u>\$ 36,207</u>	<u>\$ 18,382</u>	<u>\$ 30,393</u>	<u>\$ 1,343</u>	<u>\$ 86,325</u>
January 1	\$ 36,207	\$ 18,382	\$ 30,393	\$ 1,343	\$ 86,325
Addition	-	-	-	-	-
Disposal	-	-	-	(380)	(380)
Disposal (accumulated depreciation)	-	-	-	272	272
Depreciation	-	(570)	(6,089)	(616)	(7,275)
December 31	<u>\$ 36,207</u>	<u>\$ 17,812</u>	<u>\$ 24,304</u>	<u>\$ 619</u>	<u>\$ 78,942</u>
December 31					
Cost	\$ 40,906	\$ 31,040	\$ 36,332	\$ 10,804	\$ 119,082
Accumulated depreciation and impairment	(4,699)	(13,228)	(12,028)	(10,185)	(40,140)
	<u>\$ 36,207</u>	<u>\$ 17,812</u>	<u>\$ 24,304</u>	<u>\$ 619</u>	<u>\$ 78,942</u>

Please refer to Note 8 for detailed information on the Group's use of property, plant and equipment as collateral.

(IX) Lease transaction - lessee

1. The assets leased by the Group include land and buildings and the lease term is generally between 1 and 6 years. The lease contracts are negotiated individually and contain various terms and conditions without other restrictions except for the leased assets restricted to pledge to others.
2. The information of the carrying amount of the right-of-use assets and the recognition of depreciation expense are as follows:

	January 1, 2022	Addition	Depreciation	Disposal/out ward transfer	December 31, 2022
Real estate rental and leasing					
Cost	\$ 125,118	\$ -	\$ -	\$ -	\$ 125,118
Accumulated depreciation	(63,706)	-	(21,359)	-	(85,065)
	<u>\$ 61,412</u>	<u>\$ -</u>	<u>(\$ 21,359)</u>	<u>(\$ -)</u>	<u>\$ 40,053</u>

	January 1, 2021	Addition	Depreciation	Disposal/out ward transfer	December 31, 2021
Real estate rental and leasing					
Cost	\$ 122,453	\$ 2,665	\$ -	\$ -	\$ 125,118
Accumulated depreciation (42,485)	-	(21,221)	-	(63,706)
	<u>79,968</u>	<u>2,665</u>	<u>(21,221)</u>	<u>-</u>	<u>61,412</u>
Land use rights					
Cost	324,960	-	-	(324,960)	-
Amortization(46,068)	-	-	46,068	-
	278,892	-	-	(278,892)	-
	<u>\$ 358,860</u>	<u>\$ 2,665</u>	<u>(\$ 21,221)</u>	<u>(\$ 278,892)</u>	<u>\$ 61,412</u>

3. Land use rights

- (1) The subsidiary "Shen Yang Construction Co., Ltd." signed the "Establishment of Superficies on National Non-public Use Land Contract" with the Southern Region Branch, National Property Administration, Ministry of Finance for the land with the plot numbers 1492 to 1496 on Shengxing Section, Qianzhen District, Kaohsiung City on April 28, 2014. The term of the superficies was set as 70 years (from April 28, 2014 to April 27, 2084) with a royalty for superficies totaling \$878,000. The Group commenced construction in 2015 (Smile Era Project) and the project was completed in 2018. The Company has begun the transfer of ownership and usage rights and recognized the revenue for parts sold. The Company shall also recognize the aforementioned royalty as cost of sales based on the percentage of sales.
- (2) The competent authority published the "Explanation of Accounting Methods for Land and Superficies" IFRSs Q&A on April 28, 2021, and the Accounting Research and Development Foundation published the "Explanation of Accounting Methods for Land and Superficies" which became effective on January 1, 2021. Therefore, the royalties for the Group's aforementioned land use superficies are transferred to "inventories". Please refer to Note 6 (5).

4. The information on the lease contract affecting profit or loss is as follows:

	<u>2022</u>	<u>2021</u>
<u>Items affecting current profit or loss</u>		
Interest expense from lease liabilities	\$ 1,136	\$ 1,545
Rent expense of short-term leases	9,452	9,651
Income from lease of right-of-use assets	269	1,110

5. The cash flows used in the lease payments of the Group in 2022 and 2021 amounted to \$33,130 and \$32,599, respectively.

(X) Investment properties

	2022		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1			
Cost	\$ 255,631	\$ 54,924	\$ 310,555
Accumulated depreciation and impairment	(28,643)	(27,884)	(56,527)
	<u>\$ 226,988</u>	<u>\$ 27,040</u>	<u>\$ 254,028</u>
January 1	\$ 226,988	\$ 27,040	\$ 254,028
Depreciation	-	(1,387)	(1,387)
December 31	<u>\$ 226,988</u>	<u>\$ 25,653</u>	<u>\$ 252,641</u>
December 31			
Cost	\$ 255,631	\$ 54,924	\$ 310,555
Accumulated depreciation and impairment	(28,643)	(29,271)	(57,914)
	<u>\$ 226,988</u>	<u>\$ 25,653</u>	<u>\$ 252,641</u>
	2021		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1			
Cost	\$ 255,631	\$ 54,924	\$ 310,555
Accumulated depreciation and impairment	(28,643)	(26,498)	(55,141)
	<u>\$ 226,988</u>	<u>\$ 28,426</u>	<u>\$ 255,414</u>
January 1	\$ 226,988	\$ 28,426	\$ 255,414
Depreciation	-	(1,386)	(1,386)
December 31	<u>\$ 226,988</u>	<u>\$ 27,040</u>	<u>\$ 254,028</u>
December 31			
Cost	\$ 255,631	\$ 54,924	\$ 310,555
Accumulated depreciation and impairment	(28,643)	(27,884)	(56,527)
	<u>\$ 226,988</u>	<u>\$ 27,040</u>	<u>\$ 254,028</u>

1. The Company's subsidiary Shang Yang International Asset Management Co., Ltd. purchased land and ancillary buildings on land with the plot number 3961 on Dongzhu Section, Fuli Township, Hualien County. The land is a site designated for forestry in a slopeland conservation area. The Company registered the aforementioned land and ancillary buildings under the name of Ms. Lin and signed a trust contract to ensure security.

2. Rent income and direct operating expenses from investment properties:

	<u>2022</u>	<u>2021</u>
Rent income from investment properties	\$ 2,948	\$ 1,989
Direct operating expenses incurred by investment properties that generate rent income in the current period	(\$ 1,632)	(\$ 1,606)
Direct operating expenses incurred by investment properties that did not generate rent income in the current period	(\$ 244)	(\$ 245)

3. The fair value of the investment properties held by the Group as of December 31, 2022 and 2021 was \$427,650 and \$425,944, respectively. They were determined based on the appraisal report prepared by external appraisal experts and comparisons with recent transaction prices of similar targets in the area of the investment properties. The fair value is determined based on property rights, regional factors, individual factors, current conditions of the real estate market, and the subject of the survey, and is evaluated based on the comparison approach and the income approach, which are level 2 and level 3 fair values, respectively.

4. Please refer to Note 8 for detailed information on the Group's use of investment properties as collateral.

(XI) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured loans	\$ 5,465,517	2.29%~2.89%	Please refer to Note 8
<hr/>			
<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured loans	\$ 4,671,351	1.80%~2.40%	Please refer to Note 8
<hr/>			

(XII) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial papers payable	\$ 528,500	\$ 1,139,090
Minus: Discounted short-term notes and bills payable	(828)	(688)
Net amount	\$ 527,672	\$ 1,138,402
Interest rate range	1.30%~1.66%	0.20%~0.90%

(XIII) Pension

Effective July 1, 2005, the Company and domestic subsidiaries have established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries

and wages to the employees' individual pension accounts at the Bureau of Labor Insurance for employees who opt for the pension system in the "Labor Pension Act". The contribution plan accrues dividends from an employee's individual account and is paid monthly or in lump sum upon retirement of an employee. The pension costs recognized by the Group in accordance with the above pension plan were \$3,482 and \$3,234 in 2022 and 2021.

(XIV) Share capital

1. As at December 31, 2022 and 2021, the Company's authorized capital was \$7,000,000 and the paid-in capital was both \$3,800,000. The par value per share is \$10. The payment for all issued shares of the Company has been collected. The beginning and the ending of the Company's ordinary shares outstanding in 2020 and 2021 were both 380,000 thousand shares.
2. On August, 3, 2020, the Company's Board of Directors resolved to reduce capital and return cash of \$3,165,825 totaling 316,582 thousand shares. It was passed in the extraordinary shareholders meeting on September 18, 2020 and became effective after the approval of the Financial Supervisory Commission on October 27, 2020. The Company has completed the registration of changes. The capital reduction payments were distributed on January 12, 2021.

(XV) Capital surplus

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Paid-in capital in excess of par value of common stock	\$ 596,116	\$ 596,116
Changes in subsidiary's equity	1,724	1,724
Gain on disposal of assets	3,323	3,323
Donations	17,652	17,652
Changes in net value of equity of affiliates and joint ventures recognized under the equity method	8,868	8,868
	<u>\$ 627,683</u>	<u>\$ 627,683</u>

According to the Company Act, capital surplus can only be used to offset losses. However, capital surplus arising from shares issued at premium (including the issuance of common shares at premium, capital stock premiums as a result of stock issuance due to a merger, and treasury stock transactions) and donations received may be used, in part or in whole, for the distribution of new shares or cash based on the shareholders' original shareholding ratio in accordance with a resolution of the shareholders' meeting when the Company does not have deficits. The Company may use capital surplus to offset losses only when the legal reserve cannot fully cover capital losses. The capital surplus recognized as long-term equity investments under the equity method cannot not be used for any purpose.

(XVI) Retained earnings

1. According to the earnings distribution policy in the Articles of Incorporation of the Company, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall

be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with undistributed earnings at the beginning of the period. Where the Company intends to distribute earnings by issuing new shares, it shall file a proposal to the shareholders' meeting and obtain approval in a resolution before the distribution. Where dividends are distributed in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and it shall be reported at the shareholders' meeting.

2. The shareholders' meeting approved the amendment of the Articles of Incorporation in a resolution on Friday, June 17, 2022. According to the Company's earnings distribution policy in the Articles of Incorporation, the Company has deleted the Article stating that it may proceed with the distribution of earnings of making up for losses at the end of each quarter in accordance with the Company Act.
3. The legal reserve may only be used for offsetting deficits and the distribution of new shares or cash based on the shareholders' original shareholding ratio. However, when new shares or cash dividends are distributed, the distribution shall be restricted to the legal reserve in excess of 25% of the paid-in capital.
4. When the Company distributes earnings, it shall first appropriate funds for the special reserve from the balance of other equities of borrowers as of the balance sheet date of the current year in accordance with laws and regulations. Once the balance of other equities of borrowers has been reversed, the reversed amount may be calculated as distributable earnings.
5. The Company's dividend policy is set up in accordance with the Company Act and the Articles of Incorporation and determined by the Company's financial structure, earnings, and long-term business plans to meet the development and transformation needs. The ratio of stock dividends to cash dividends shall be determined each year based on the requirements for working capital, provided that the cash dividends shall not be less than 20%. When the paid-in capital has reached NT\$10 billion, the cash dividends shall not be less than 50%.
6. The appropriations of 2021 and 2020 earnings were approved by the Shareholders' Meeting and the Board of Directors' meeting, and details are summarized as follows:

	2021		2020	
	Amount	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)
Legal reserve	\$ 125,878	\$ -	\$ 495,988	\$ -
Special reserve	10,017	-	-	-
Cash dividends	380,000	1.0	1,424,874	2.5

7. The cash dividends distribution for 2022 and 2021 approved by the Board of Directors are summarized as follows: For the first quarter of 2022, and third and fourth quarters of 2021, upon resolution from the Board of Directors' meeting, cash dividends will not be distributed.

	2021 Q2	2021 Q1
	August 9, 2021	May 10, 2021
Date of board resolution		
Legal reserve	\$ 65,908	\$ 48,030
Cash dividends	190,000	190,000
Cash dividends per share	0.50	0.50

8. The 2022 earnings distribution proposal was approved by the Board of Directors on March 14, 2023, and details are as follows:

	2022	
	Amount	Dividends per share (NT\$)
Legal reserve	\$ 40,839	\$ -
Special reserve	128,215	-
Cash dividends	-	-

(XVII) Other equity interests

	2022		
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
January 1	\$ 22,034	(\$ 32,051)	(\$ 10,017)
Valuation adjustment	-	(206,045)	(206,045)
Valuation adjustment transferred to retained earnings	-	77,538	77,538
Currency translation differences	292	-	292
December 31	<u>\$ 22,326</u>	<u>(\$ 160,558)</u>	<u>(\$ 138,232)</u>

	2021		
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
January 1	\$ 22,116	\$ 493,909	\$ 516,025
Valuation adjustment	-	(249,335)	(249,335)
Valuation adjustment transferred to retained earnings	-	(276,625)	(276,625)
Currency translation differences	(82)	-	(82)
December 31	\$ 22,034	(\$ 32,051)	(\$ 10,017)

(XVIII) Operating revenue

	2022	2021
Revenue from contracts with customers	\$ 3,944,099	\$ 5,106,791
Other	10,417	17,493
	<u>\$ 3,954,516</u>	<u>\$ 5,124,284</u>

1. Detailed items of revenues from contracts with customers

The Group's revenue is derived from the transfer of product and services at certain points in time or gradual transfer as time progresses. Revenue by operation is further divided as follows:

<u>2022</u>			
	Sales of construction projects	Other	Total
Revenue recognition time			
- Revenue recognized at a certain point in time	\$ 3,932,431	\$ -	\$ 3,932,431
- Revenue transferred gradually as time progresses	-	22,085	22,085
	<u>\$ 3,932,431</u>	<u>\$ 22,085</u>	<u>\$ 3,954,516</u>

<u>2021</u>			
	Sales of construction projects	Other	Total
Revenue recognition time			
- Revenue recognized at a certain point in time	\$ 4,935,543	\$ -	\$ 4,935,543
- Revenue transferred gradually as time progresses	-	188,741	188,741
	<u>\$ 4,935,543</u>	<u>\$ 188,741</u>	<u>\$ 5,124,284</u>

2. The total amounts in the apportionment of the transactions and estimated year of revenue recognition for the Group's outstanding contract performance obligations for sales contracts signed as of December 31, 2022 are as follows:

Estimated year of revenue recognition	Amount in signed contracts
<u>112~116</u>	<u>\$ 1,244,013</u>

3. Contract assets and contract liabilities

The Group recognizes revenues generated by customer contracts, and the following contract assets and contract liabilities are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract assets - current:			
Labor services services	\$ 18,434	\$ -	\$ -
Contract liabilities - current:			
- Advance receipt of land payment	\$ 125,188	\$ 552,437	\$ 436,101
- Advance receipt of property payment	83,223	446,010	575,943
	<u>\$ 208,411</u>	<u>\$ 998,447</u>	<u>\$ 1,012,044</u>

- (1) The Group has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. The Group recognizes contract liabilities related to the pre-sales house contracts in accordance with IFRS 15.
- (2) Opening contract liabilities recognized as income in the current period

	<u>2022</u>	<u>2021</u>
Opening balance of contract liabilities recognized as income in the current period		
Construction project sales contract	\$ 972,873	\$ 651,622

- (3) Contract modifications and variable consideration

In 2022 and 2021, as the contract price of the certain project development contracts for the operation and management service revenue was revised according to the partners' supplementary agreement, and the Group's contract obligations are labor services that cannot be separated, the Company has considered the most appropriate estimate and recognized an catch-up adjustment to revenue of \$1,731 and \$169,846, respectively, based on the amended contracts.

(XIX) Interest income

	<u>2022</u>	<u>2021</u>
Interest from bank deposits	\$ 4,040	\$ 1,993
Other interest income	1,616	4,916
Net interest income from financial assets at fair value through profit or loss	400	234
	<u>\$ 6,056</u>	<u>\$ 7,143</u>

(XX) Other income

	<u>2022</u>	<u>2021</u>
Dividend income	\$ 75,629	\$ 51,934
Income from default penalty of buyers	-	2,412
Other	38,084	17,844
	<u>\$ 113,713</u>	<u>\$ 72,190</u>

(XXI) Other profits and losses

	<u>2022</u>	<u>2021</u>
Net gains (losses) on financial assets at fair value through profit or loss	(\$ 3,460)	\$ 262
Other profits and losses	(5,827)	(12,933)
	<u>(\$ 9,287)</u>	<u>\$ 12,671</u>

(XXII) Finance costs

	<u>2022</u>	<u>2021</u>
Interest expenses:		
Bank borrowings	\$ 95,877	\$ 85,348
Interest on short-term notes and bills payable	16,400	24,435
Other	7,608	5,892
	<u>119,885</u>	<u>115,675</u>
Minus: Amount eligible for asset capitalization	(89,366)	(69,001)
Finance costs	<u>\$ 30,519</u>	<u>\$ 46,674</u>

(XXIII) Additional information on expenses

	<u>2022</u>	<u>2021</u>
Construction cost in this period	\$ 3,168,490	\$ 3,760,945
Employee benefit expenses	120,505	108,556
Depreciation	29,924	29,882
Amortization of intangible assets	542	234
Tax expenses	17,516	21,713
Professional service expenses	42,736	54,913
Advertising expenses	10,116	13,803
Commission expenses	125,054	123,702
Management fees	34,734	16,509
Other expenses	125,682	53,794
Operating costs and expenses	<u>\$ 3,675,299</u>	<u>\$ 4,184,051</u>

(XXIV) Employee benefit expenses

	<u>2022</u>	<u>2021</u>
Salary expenses	\$ 90,462	\$ 80,969
Labor and health insurance fees	7,394	6,735
Pension expenses	3,482	3,234
Remuneration for Directors	15,158	10,124
Other personnel expenses	4,009	7,494
	<u>\$ 120,505</u>	<u>\$ 108,556</u>

1. According to the Articles of Incorporation, if the Company has earnings in the current year, the Company's remuneration for employees and Directors shall be 0.5% to 5% and no more than 5% of the earnings before tax of the year and before deducting remuneration for employees and Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.

2. The Company's estimated amounts of employees' remuneration for 2022 and 2021 are \$11,201 and \$5,843, respectively. The estimated amounts of Directors' remuneration are \$11,201 and \$5,843, respectively. All amounts are recognized as salary expenses.

The estimated amounts of employees' remuneration and Directors' remuneration based on the profitability in 2022 are 2% and 2%, respectively. The estimated amounts and the method of distribution of employees' remuneration were approved in a resolution of the Board of Directors on March 14, 2023.

Employees' remuneration and Directors' remuneration in the Board of Directors' resolution for 2021 were equal to the amount recognized in the financial statements for 2021.

Information on employees' remuneration and directors' remuneration of the Company as resolved by the Board of Directors is posted in the "Market Observation Post System".

(XXV) Income tax

1. Income tax expenses

	<u>2022</u>	<u>2021</u>
<u>Current income tax</u>		
Income tax arising in the current period	\$ 15,991	\$ 85,350
Surtax on undistributed earnings	56,144	132,951
Land value increment tax included in current income tax	22,779	8,746
Adjustments in respect of prior years	(27,740)	(42,808)
Total current income tax	<u>67,174</u>	<u>184,239</u>
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	307	746
Income tax expenses	<u>\$ 67,481</u>	<u>\$ 183,493</u>

2. Relationship between income tax expenses and accounting profits

	<u>2022</u>	<u>2021</u>
Income tax from net profit before tax calculated at the statutory tax rate	\$ 110,680	\$ 233,126
Surtax on undistributed earnings	56,144	132,951
Income to be excluded based on tax laws	15,353	-
Tax-exempt income based on tax laws	(188,677)	(85,928)
Temporary differences not recognized in deferred income tax assets	(13,272)	(58,059)
Tax losses not recognized in deferred income tax assets	91,907	1,388
Tax losses in previous years not recognized in deferred income tax assets	-	(12,497)
Origination and reversal of temporary differences	307	(746)
Land value increment tax included in income in the current period	22,779	8,746
Income tax effect of the alternative minimum tax	-	7,320
Adjustments in respect of prior years	(27,740)	(42,808)
Income tax expenses	<u>\$ 67,481</u>	<u>\$ 183,493</u>

3. The deferred income tax assets or liabilities from temporary differences are as follows:

	<u>2022</u>			
	<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
<u>Deferred income tax assets</u>				
Unrealized expenses	\$ 746	(\$ 307)	\$ -	\$ 439
Prepaid land value increment tax	12,991	(12,991)	-	-
	<u>\$ 13,737</u>	<u>(\$ 13,298)</u>	<u>\$ -</u>	<u>\$ 439</u>

	2021			
	<u>January 1</u>	<u>Recognized in profit and loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
<u>Deferred income tax assets</u>				
Unrealized expenses	\$ -	\$ 746	\$ -	\$ 746
Prepaid land value increment tax	-	12,991	-	12,991
	<u>\$ -</u>	<u>\$ 13,737</u>	<u>\$ -</u>	<u>\$ 13,737</u>

4. The effective periods of unused tax losses and related amounts of unrecognized deferred income tax assets are as follows:

<u>Year occurred</u>	December 31, 2022			
	<u>Reported amount/approve d amount</u>	<u>Amount not yet deducted</u>	<u>Unrecognized deferred income tax assets</u>	<u>Final deductible year</u>
2022	<u>452,560</u>	<u>452,560</u>	<u>452,560</u>	2032

5. The Company's profit-seeking enterprise income tax returns have been approved by the tax authorities up to 2020.

(XXVI) EPS

	2022		
	<u>Amount after tax</u>	<u>Number of ordinary shares outstanding (shares in thousands)</u>	<u>EPS (NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 485,928	380,000	<u>\$ 1.28</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	-	680	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	<u>\$ 485,928</u>	<u>380,680</u>	<u>\$ 1.28</u>

	2021		
	Amount after tax	Number of ordinary shares outstanding (shares in thousands)	EPS (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 982,151	380,000	\$ <u>2.58</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	-	440	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ <u>982,151</u>	<u>380,440</u>	\$ <u>2.58</u>

(XXVII) Changes in liabilities from financing activities

	2022					
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Deposits received	Total	
January 1	\$ 4,671,351	\$ 1,138,402	\$ 66,400	\$ 2,853	\$ 5,879,006	
Changes in cash flows from financing activities	794,166	(610,730)	(22,542)	(541)	160,353	
Interest expenses paid (Note)	-	-	(1,136)	-	(1,136)	
Other non-cash changes	-	-	1,136	-	1,136	
December 31	\$ <u>5,465,517</u>	\$ <u>527,672</u>	\$ <u>43,858</u>	\$ <u>2,312</u>	\$ <u>6,039,359</u>	
	2021					
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Dividends payable	Deposits received	Total
January 1	\$ 3,518,839	\$ 1,883,373	\$ 85,138	\$ -	\$ 2,996	\$ 5,490,346
Changes in cash flows from financing activities	1,152,512	(744,971)	(21,403)	(760,000)	(143)	(374,005)
Interest expenses paid (Note)	-	-	(1,545)	-	-	(1,545)
Other non-cash changes	-	-	4,210	760,000	-	764,210
December 31	\$ <u>4,671,351</u>	\$ <u>1,138,402</u>	\$ <u>66,400</u>	\$ <u>-</u>	\$ <u>2,853</u>	\$ <u>5,879,006</u>

Note: Recorded Cash flows from operating activities.

VII. Related-party transactions

(I) Name and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Hanshin Asset Management Co., Ltd. (Hanshin Asset Management)	Other related party
Hanshin Department Store Co., Ltd. (Hanshin Department Store)	Other related party
Chi Hsuan Development Co., Ltd. (Chi Hsuan Development)	Other related party
Grand Hi-Lai Hotel Co., Ltd. (Grand Hi-Lai Hotel)	Other related party
Hi-Lai Foods Co., Ltd. (Hi-Lai Foods)	Other related party
Wei Li International Development Co., Ltd. (Wei Li)	Other related party
Hanshin Shopping Plaza Co., Ltd. (Hanshin Shopping Plaza)	Other related party
Wei Chun International Development Co., Ltd. (Wei Chun)	Other related party
Grand Hi-Lai International Property Management Consulting Co., Ltd. (Grand Hi-Lai International Property)	Other related party
Kaohsiungaquas Co., Ltd. (AQUAS)	Other related party
Ascent Development Co., Ltd. (Ascent)	Other related party
Han Lin Development Co., Ltd. (Han Lin Development)	Other related party
7 individuals including Shao-Ling Peng	Other related party

(II) Major transactions with related parties

1. Operating revenue

	<u>2022</u>	<u>2021</u>
Other related party - Rental income	\$ 2,076	\$ 2,933
Other related party - Wei Li - Income from management services	-	591
	<u>\$ 2,076</u>	<u>\$ 3,524</u>

2. Promotion expenses

	<u>2022</u>	<u>2021</u>
Other related party	\$ 1,175	\$ 1,395

3. Administrative expenses

	<u>2022</u>	<u>2021</u>
Other related party - Hi-Lai Foods	\$ 6,780	\$ 4,268
Other related party - Hanshin Asset Management	6,846	6,846
Other related party - Hanshin Department Store	335	1,288
Other related party - Grand Hi-Lai International Property	1,371	1,371
Other related party - AQUAS	3,931	-
Other related party - Others	532	634
	<u>\$ 19,795</u>	<u>\$ 14,407</u>

4. Expenses for investments in construction

	2022	2021
Other related party	\$ 6,887	\$ 95

5. Accounts receivable

	December 31, 2022	December 31, 2021
Other related party - Others	\$ 638	\$ 1,554

6. Other expenses payable

	December 31, 2022	December 31, 2021
Other related party - Others	\$ 636	\$ 846

7. Acquisition of financial assets

(1) The Group participated in the cash capital increase of related parties in 2022 and completed the registration of changes on June 10, 2022, and January 10, 2023, respectively. The information on the subscriptions of the Group is as follows:

Account	Number of shares traded	Object of transaction	Acquisition price
Non-current financial assets at fair value through other comprehensive income	3,970 thousand shares	Grand Hi-Lai Hotel - stocks	\$ 59,548

(2) The Group purchased shares in Hanshin Department Store Co., Ltd. from other related party, Wei Chun, on January 28, 2021. The Company has paid for the shares and completed stock transactions. Information on the Group's purchase is as follows:

Account	Number of shares traded	Object of transaction	Acquisition price
Investments recognized under the equity method	802 thousand shares	Hanshin Department Store - stocks	\$ 22,456

Please refer to Note 6 (3) and Note 6 (7).

8. Other credit and debt transactions

(1) Refundable deposits

	December 31, 2022	December 31, 2021
Other related party	\$ 24,598	\$ 24,598

(2) Deposits received

	December 31, 2022	December 31, 2021
Other related party	\$ 450	\$ 450

9. Related party financing

	December 31, 2022	December 31, 2021
Other related party - Hanshin Shopping Plaza	\$ 250,432	\$ -

The accounts payable - related party on December 31, 2022 was attributable to the joint operations construction project being developed by the Company having taken out loan

from other related party - Hanshin Shopping Plaza Co., Ltd.. Total loan was \$500,000, and the Group recognized 50% of which based on the investment ratio. The aforesaid amount is the principal and interests payable.

10. Endorsements and guarantees

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related party - Wei Li	\$ 8,473,922	\$ 6,838,730
- Chi Hsuan	93,000	558,000
	<u>\$ 8,566,922</u>	<u>\$ 7,396,730</u>

11. Other

- (1) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Han Lin Development Co., Ltd., Grand Hi-Lai Hotel Co., Ltd., and Hanshin Shopping Plaza Co., Ltd. for 29 plots of land including Plot 895 on Jiangbei Section in Xizhi District, New Taipei City with a total area of 5,551.35 pings on Monday, July 4, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 20% for Wei Li International Development Co., Ltd., 10% for Han Lin Development Co., Ltd., 10% for Grand Hi-Lai Hotel Co., Ltd., and 10% for Hanshin Department Store.
- (2) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Goldshare Investment Corporation, Hanshin Asset Management Co., Ltd., Hanshin Shopping Plaza Co., Ltd., Hsueh-Yong Ltd., and Heng-Rui Development Co., Ltd. for 3 plots of land including Plot 194, 196, and 197 on Longzhong Section, Gushan District, Kaohsiung City with a total area of 4,905.25 pings on Monday, March 21, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 5% for Goldshare Investment Corporation, 10% for Hanshin Asset Management Co., Ltd., 10% for Hanshin Shopping Plaza Co., Ltd, 5% for Hsueh-Yong Ltd., and 5% for Heng-Rui Development Co., Ltd.
- (3) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 9 plots of land including Plot 28 on Zhongxing Section, Sanchong District, New Taipei City with a total area of 1,828.28 pings on July 15, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 15% for Ascent Development Co., Ltd., 10% for Hanshin Asset Management Co., Ltd., and 15% for Grand Hi-Lai Hotel Co., Ltd.
- (4) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 4 plots of land including plot 83-1 on Jiuzhong Section, Neihsu District, Taipei City with a total area of 2,127.33 pings on November 23, 2020.

- According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies.
- (5) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 19 plots of land including Plot 365 on Zhongyi Section, Tucheng District, New Taipei City with a total area of 5,344.27 pings on January 28, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies. "Grand Hi-Lai Hotel Co., Ltd." later withdrew from the project on June 29, 2021. The shares it previously held were transferred to Hanshin Asset Management Co., Ltd. The investment ratio change became effective on July 1, 2021.
- (6) The Company signed a joint investment and development agreement with "Wei Li" land including plot 24 on Heguan Section, Annan District, Tainan City with a total area of 77,479.53 square meters on June 29, 2012 for joint construction of residential buildings. The parties later signed a letter of appointment for operating management which appointed the Company to take charge of overall development plans, building planning, and construction and sales of residential buildings. "Wei Li" represented the Project externally and executed the Project based on the contract signed with Taiwan Sugar Corporation. Wei Li became the main operator of the Project as well as the company responsible for selling the houses and land (the company issuing the sales invoice) and the company responsible for purchases products or services (the company with input documentary evidence). It is also responsible for the settlement of the project. The parties later signed the "Joint Development Supplementary Agreement" on March 15, 2016 for changing the investment ratio and settlement distribution to 60%, 6%, 1.5%, 4%, 13.5%, 10%, and 5%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", "Crowell Development", and "Han Lin Development". "Crowell Development" later withdrew from the project on July 15, 2019. "Wei Li" and the co-funders signed the "Joint Development Supplementary Agreement" for changing the investment ratio and settlement distribution to 65%, 6%, 1.5%, 4%, 13.5%, and 10%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", and "Han Lin Development".
- (7) The Company signed a joint investment and development contract with Chi Hsuan Development Co., Ltd., and Tsang Shan Development Co., Ltd. for 14 plots of land including Plot 1381-21 in Zhongzheng District, Keelung City with a total area of 12,520.95 pings, and 1 building No. 7256 in Tiaohe Section, Zhongzheng District, Keelung City with an area of 26.77 pings. According to the contract, the Company serves as the manager of the Project. The investment ratio is 55% for the Company, 30% for Chi Hsuan Development Co., Ltd., and 15% for Tsang Shan Development Co., Ltd.

- (8) The Company's subsidiary Shen Yang Construction Co., Ltd. signed a joint investment and development contract with Wei Li International Development Co., Ltd., Han Lin Development Co., Ltd., and Ascent Development Co. Ltd., for 20 plots of land including Plot 258 on Zhongyuan Section in Zhonghe District, New Taipei City with a total area of 2,259.85 pings on Thursday, August 11, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 40% for the Company, 10% for Wei Li International Development Co., Ltd., 10% for Han Lin Development Co., Ltd., and 10% for Ascent Development Co., Ltd.

(III) Key management compensation

The Group's remuneration for Directors and key management:

	2022	2021
Short-term employee benefits	\$ 32,471	\$ 21,646

The remuneration to Directors and other key management is determined by the Remuneration Committee based on personal performance and market trends and submitted to the Board of Directors for resolution.

VIII. Pledged assets

The assets provided by the Group as collateral are as follows:

Assets	Book value		Purpose of collateral
	December 31, 2022	December 31, 2021	
Inventories	\$ 9,660,712	\$ 9,509,054	Short-term borrowings and commercial papers
Other financial assets - current (restricted deposits)	37,347	1,230	Trusts and reserve accounts
Property, plant and equipment	17,768	18,026	Commercial papers
Investment properties	41,614	42,182	Commercial papers
Other financial assets - non-current (time deposits)	89,455	59,437	Performance guarantee
	<u>\$ 9,846,896</u>	<u>\$ 9,629,929</u>	

IX. Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2022, the total construction contract price between the Group and non-related parties was \$1,332,899 and the amount that has yet not been included in the estimation was \$1,118,657.

X. Significant disaster loss

None.

XI. Significant events after the balance sheet date

The appropriations of 2022 earnings were approved by the Board of Directors' meeting on March 14, 2023. Refer to Note 6 (16) for details.

XII. Other

(I) Capital management

The Group implements capital management to ensure sustainable development of the companies of the Group maximize the benefit for its shareholders by optimizing debts and equity. The Group's capital structure consists of equity attributable to owners of the Company

(i.e., share capital, capital surplus, retained earnings, and other equity interests). In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts. The Group adjusts loan amounts based on the construction progress and the funding required for operations.

(II) Financial instruments

1. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Current financial assets at fair value through profit or loss	\$ 16,964	\$ 20,424
Current financial assets at fair value through other comprehensive income	433,514	744,787
Non-current financial assets at fair value through other comprehensive income	504,966	426,132
	<u>\$ 955,444</u>	<u>\$ 1,191,343</u>
<u>Financial assets at amortized cost</u>		
Cash and cash equivalents	\$ 2,221,552	\$ 2,661,525
Notes receivable, net	79,058	70,618
Accounts receivable, net	22,130	454,495
Other receivables	21,248	305,206
Other Financial Assets - Current	37,347	1,230
Refundable deposits	104,859	164,002
Other Financial Assets - Non Current	89,455	59,437
	<u>\$ 2,575,649</u>	<u>\$ 3,716,513</u>
<u>Financial liabilities</u>		
<u>Financial liabilities at amortized cost</u>		
Short-term borrowings	\$ 5,465,517	\$ 4,671,351
Short-term notes and bills payable	527,672	1,138,402
Notes payable	73,925	245,348
Accounts payable	224,527	394,337
Other payables - other	471,703	253,898
Deposits received	2,312	2,853
	<u>\$ 6,765,656</u>	<u>\$ 6,706,189</u>
Lease liabilities	<u>\$ 43,858</u>	<u>\$ 66,400</u>

2. Risk management policy

The objective of the Group's financial risk management is to manage the market risks, credit risks, and liquidity risks related to operating activities. The Group conducts the identification, valuation, and management of the aforementioned risks based on its policies and risk preferences.

The Group has set up appropriate policies, procedures, and internal control for the aforementioned financial risk management based on relevant standards. Significant financing activities must be reviewed by the Board of Directors in accordance with relevant standards and the internal control system. During implementations of financial management activities, the Group shall strictly abide by the regulations established for financial risk management.

3. Significant financial risks and degree of financial risks

(1) Market risks

Foreign exchange risks

The Group's main operating activities are in Taiwan and the main currency is the NTD. The impact of exchange rate fluctuations is minimal and we therefore expect no significant exchange rate risks.

Price risks

A. The Group's equity instruments exposed to price risks are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risks of investments in equity instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.

B. The Group's main investments consist of equity instruments issued by domestic companies and open-ended funds. The prices of such equity instruments are affected by the uncertainty of the future value of underlying investments. If the price of such equity instruments rises or falls by 1% and all other factors remain constant, the net profit after tax as a result of the profit or loss in the equity tools measured at fair value in 2022 and 2021 will increase or decrease by \$170 and \$204, respectively. The gain or loss on equity investments classified as equity instruments in other comprehensive income measured at fair value through profit and loss will increase or decrease by \$4,335 and \$7,448, respectively.

Interest rate risk for cash flow and fair value

A. The Group's interest rate risks mainly arise from short-term borrowings and short-term notes and bills payable. Borrowings at floating rates expose the Group to cash flow interest rate risks, which are partially offset by cash held at floating rates. Borrowings at fixed rates expose the Group to fair value interest rate risks. In 2022 and 2021, the Group's loans calculated based on floating interest rates were calculated in NTD.

B. The Group simulates various plans and analyzes interest rate risks, including considering plans for refinancing or renewal of existing positions and other available financing plans to calculate the impact of specific changes interest rates on profit or loss.

C. If all other factors remain constant, the maximum impact of a 1% change in interest rates on financial costs in 2022 and 2021 would result in an increase or decrease of \$59,932 and \$58,098, respectively.

(2) Credit risks

A. The Group's credit risks refer to the risks of financial loss to the Group arising from default by the clients or counterparties of financial instruments. The risks are mainly derived from the counterparty's failure to settle the accounts receivable based on payment collection terms.

B. The Group establishes credit risk management from the perspective of the Group. The Company has set a minimum independent credit rating of "A" for banks and financial institutions before they can be accepted as transaction counterparties.

- C. The Group's main business activities are the lease and sales of residential buildings, industrial plants, and commercial buildings. Revenue from the sale of properties is recognized upon the full payment of the contract price, the completion of the transfer of ownership, and the actual delivery of the properties. Therefore, the amount of accounts receivable arising from the sale of properties is considered insignificant and the possibility of non-recovery is low. The Group manages receivables in special transactions on an individual basis and tracks such receivables on a regular basis. The amount of the Group's assessed credit impairment losses as of December 31, 2022 and 2021 was insignificant.
- D. As of December 31, 2022 and 2021, there were no debts with recourse that were written off.

(3) Liquidity risks

- A. Cash flow forecasting is performed by each Group entity and aggregated by the Group treasury. The Group's Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.
- B. The Group's non-derivative financial liabilities are analyzed based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are analyzed based on the fair value on the balance sheet date. The amount of undiscounted contract cash flows of notes payable and other payables is approximately equal to their carrying amounts and is due within one year. The amount of undiscounted contractual cash flows for other financial liabilities is described in the following table:

Non-derivative financial liabilities:

December 31, 2022	<u>Within 1 year</u>	<u>1 to 3 years</u>	<u>3 years or above</u>
Short-term borrowings	\$ 639,211	\$ 241,166	\$ 5,205,800
Short-term notes and bills payable	528,500	-	-
Accounts payable	209,057	-	15,470
Lease liabilities	22,817	21,917	-

Non-derivative financial liabilities:

December 31, 2021	<u>Within 1 year</u>	<u>1 to 3 years</u>	<u>3 years or above</u>
Short-term borrowings	\$ 1,500,051	\$ 1,453,386	\$ 1,965,247
Short-term notes and bills payable	1,139,090	-	-
Accounts payable	394,337	-	-
Lease liabilities	23,867	44,583	-

- C. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date will be significantly earlier, nor expect the actual cash flow amount would be significantly different.

(III) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

- Level 1: Quotation (unadjusted) of the same asset or liability from an active market can be obtained on the measurement date. An active market refers to a market in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on a continuous basis.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the assets or liabilities.

2. Please refer to Note 6 (10) for information on the fair value of investment properties carried at cost.
3. The carrying amount of financial instruments not carried at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets - current, refundable deposits, long-term prepaid rent, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, and deposit received, are reasonable approximations of the fair value.
4. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

- (1) The information on the Group's classification of assets by nature is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2022</u>				
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 16,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,964</u>
Current financial assets at fair value through other comprehensive income	<u>\$ 433,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 433,514</u>
Non-current financial assets at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 504,966</u>	<u>\$ 504,966</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2021</u>				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ 20,424	\$ -	\$ -	\$ 20,424
Current financial assets at fair value through other comprehensive income	\$ 744,787	\$ -	\$ -	\$ 744,787
Non-current financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 426,132	\$ 426,132

(2) The methods and assumptions that the Group used to measure the fair value are as follows:

A. The instruments for which the Group used market quoted prices as their fair values (i.e., Level 1) are divided by the characteristics of the instruments as follows:

	<u>Listed stocks</u>	<u>Open-end funds</u>
Market quoted price	Closing price	Net worth

B. Except for the financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

5. There was no transfer between Level 1 and Level 2 in the Group in 2022 and 2021.
6. The Level-3 movements for 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
January 1	\$ 426,132	\$ 1,024,216
Acquired in the current period	59,548	10,645
Disposed in the current period	-	(322,667)
Valuation adjustment	19,286	(286,062)
December 31	<u>\$ 504,966</u>	<u>\$ 426,132</u>

7. An independent appraiser appointed by the Group is in charge of valuation procedures for fair value measurements being categorized within Level 3. The appraiser submits a valuation report for the Finance Department to perform the fair value verification of financial instruments to ensure that the source of data is independent, reliable, and represented as the exercisable price.

8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value as of December 31, 2022	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship between inputs and fair value
Equity instruments:					
Non-listed stocks	\$ 458,680	Comparable public company analysis	Product of the number of shares multiplied by value	0.44-8.06	The higher the product of the number of shares multiplied by value, the higher the fair value
		Discount for lack of marketability		13.62%-30.00%	The higher the discount for lack of marketability, the lower the fair value
	46,286	Net asset value approach	Not applicable	Not applicable	The higher the net asset value, the higher the fair value
	<u>\$ 504,966</u>				
Equity instruments:					
	Fair value as of December 31, 2021	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship between inputs and fair value
Non-listed stocks	\$ 371,857	Comparable public company analysis	Product of the number of shares multiplied by value	0.52-4.22	The higher the product of the number of shares multiplied by value, the higher the fair value
		Discount for lack of marketability		21.27%-30.00%	The higher the discount for lack of marketability, the lower the fair value
	54,275	Net asset value approach	Not applicable	Not applicable	The higher the net asset value, the higher the fair value
	<u>\$ 426,132</u>				

(IV) Other matters

Due to the outbreak of the COVID-19 pandemic in 2022 and 2021, the Group has supported multiple epidemic prevention measures implemented by the government. While the construction period and handover of certain projects were affected due to delays in government administrative operations in 2021, all other projects that were completed or not yet completed were all handed over normally or proceeding based on the schedule. As the Group has sufficient working capital and the payment collection of sold projects remained normal, the operations of the Group were also functioning normally. According to assessments, the outbreak of the COVID-19 pandemic did not have a significant impact to the Group's financial position and financial performance in 2022 and 2021.

XIII. Supplementary disclosures

(I) Significant transactions information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Table 1.
3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Table 3.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
9. Trading in derivatives: None.
10. The business relationship and significant transactions between the parent company and its subsidiaries: Please refer to Table 4.

(II) Information on investees

Names, locations and other information of investee companies (excluding the investees in Mainland China): Please refer to Table 5.

(III) Information on investments in Mainland China

1. Basic information: Please refer to Table 6.
2. Significant transactions with the investees in Mainland China either directly or indirectly through other companies in the third areas: Please refer to Table 6.

(IV) Information on major shareholders

Information on major shareholders: Please refer to Table 7.

XIV. Segment information

(I) General information

The Group only engages in business operations in one industry and the Group uses the overall performance evaluation and resource distribution to provide chief operating decision-makers with information on resource distribution and department performance in the financial information of each individual company.

The Company: The Company's main businesses are the construction of public housing and the lease and sales of commercial residential buildings, industrial plants, and commercial buildings.

L1 companies: The main businesses are residential and buildings lease construction and development, public works construction and investment, and real estate rental and leasing.

L2 companies: The main businesses are residential and buildings lease construction and development, public works construction and investment, and real estate rental and leasing.

Other companies: Summary of companies that have not reached the quantitative threshold.

(II) Segment information measurement

The Group's operation decision-makers use the net income after taxes to evaluate the performance of segments. It is also used as the basis for performance evaluation.

(III) Segment information

Reportable segment information provided to the chief operating decision maker is as follows:

	2022					Total
	The Company	L1 companies	L2 companies	Other companies	Reconciliation and offset	
Revenue from external customers	\$ 3,111,563	\$ -	\$ 854,276	\$ -	(\$ 11,323)	\$ 3,954,516
Revenue from inter-segment sales	-	-	-	-	-	-
Total revenue	<u>\$ 3,111,563</u>	<u>\$ -</u>	<u>\$ 854,276</u>	<u>\$ -</u>	<u>(\$ 11,323)</u>	<u>\$ 3,954,516</u>
Segment income before tax	<u>\$ 537,650</u>	<u>(\$ 490)</u>	<u>\$ 229,476</u>	<u>(\$ 79)</u>	<u>(\$ 213,316)</u>	<u>\$ 553,399</u>
Depreciation and amortization	<u>(\$ 24,995)</u>	<u>(\$ 2,167)</u>	<u>(\$ 3,304)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 30,466)</u>
Income tax expenses	<u>(\$ 51,722)</u>	<u>\$ -</u>	<u>(\$ 15,759)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 67,481)</u>
Income (losses) from equity investments under the equity method	<u>\$ 428,955</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 234,746)</u>	<u>\$ 194,219</u>
Segment assets	<u>\$ 15,598,634</u>	<u>\$ 649,158</u>	<u>\$ 2,745,958</u>	<u>\$ 302,642</u>	<u>(\$ 2,520,255)</u>	<u>\$ 16,776,137</u>
Segment liabilities	<u>\$ 6,089,057</u>	<u>\$ 1,997</u>	<u>\$ 1,083,123</u>	<u>\$ 189</u>	<u>(\$ 11,708)</u>	<u>\$ 7,162,658</u>

2021

	The Company	L1 companies	L2 companies	Other companies	Reconciliatio n and offset	Total
Revenue from external customers	\$ 4,527,439	\$ -	\$ 597,420	\$ -	(\$ 575)	\$ 5,124,284
Revenue from inter-segment sales	-	-	-	-	-	-
Total revenue	<u>\$ 4,527,439</u>	<u>\$ -</u>	<u>\$ 597,420</u>	<u>\$ -</u>	<u>(\$ 575)</u>	<u>\$ 5,124,284</u>
Segment income before tax	<u>\$ 1,156,833</u>	<u>\$ 29,375</u>	<u>\$ 81,489</u>	<u>(\$ 57)</u>	<u>(\$ 102,010)</u>	<u>\$ 1,165,630</u>
Depreciation and amortization	<u>(\$ 24,757)</u>	<u>(\$ 3,165)</u>	<u>(\$ 2,194)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 30,116)</u>
Income tax expenses	<u>(\$ 174,682)</u>	<u>\$ -</u>	<u>(\$ 8,811)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 183,493)</u>
Income (losses) from equity investments under the equity method	<u>(\$ 293,759)</u>	<u>\$ 29,702</u>	<u>(\$ -)</u>	<u>\$ -</u>	<u>(\$ 118,052)</u>	<u>\$ 205,409</u>
Segment assets	<u>\$ 16,365,998</u>	<u>\$ 651,078</u>	<u>\$ 2,605,393</u>	<u>\$ 2,168</u>	<u>(\$ 2,275,062)</u>	<u>\$ 17,349,575</u>
Segment liabilities	<u>\$ 7,136,596</u>	<u>\$ 1,631</u>	<u>\$ 1,009,692</u>	<u>\$ 27</u>	<u>(\$ 61,685)</u>	<u>\$ 8,086,261</u>

(IV) Reconciliation of segment income

The revenue from external parties, segment profit or loss, and total assets provided to the chief operating decision-maker are measured in a manner consistent with the revenue, net income after tax, and total assets in the financial statements. Therefore, no reconciliation is required.

(V) Information by region

The Group's information by region in 2022 and 2021 is as follows:

	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	<u>\$ 3,954,516</u>	<u>\$ 1,146,653</u>	<u>\$ 5,124,284</u>	<u>\$ 1,121,174</u>

Kuo Yang Construction Co., Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
January 1 to December 31, 2022

Table 1

Unit: NTS1,000
(Unless specified otherwise)

No. (Note 1)	Name of company providing endorsement or guarantee Company name	Entity for which the endorsement/guarantee is made Company name	Relationship (Note 2)	Limit on endorsements/guarantees to a single enterprise (Note 3)	Maximum outstanding balance of endorsements/guarantees during the current period (Note 4)	Ending balance of endorsements/guarantees (Note 5)	Actual amount drawn down (Note 6)	Endorsed/Guaranteed amount with property as collateral	Cumulative endorsed/guaranteed amount as a percentage of the net value in the most recent financial statements	Maximum endorsed/guaranteed amount (Note 3)	Parent company to subsidiary (Note 7)	Subsidiary to parent company (Note 7)	Endorsements and guarantees for entities in Mainland China (Note 7)	Remarks
0	Kuo Yang Construction Co., Ltd.	Wei Li International Development Co., Ltd.	5	\$ 19,019,154	\$ 11,790,452	\$ 8,473,922	\$ 7,554,969	\$ -	89.11%	\$ 38,038,308	N	N	N	
0	"	Tsang Shan Development Co., Ltd.	5	19,019,154	279,000	46,500	46,500	-	0.49%	38,038,308	N	N	N	
0	"	Chi Hsuan Development Co., Ltd.	5	19,019,154	558,000	93,000	93,000	-	0.98%	38,038,308	N	N	N	
0	"	Shen Yang Construction Co., Ltd.	2	19,019,154	827,200	522,700	30,000	-	5.50%	38,038,308	Y	N	N	
0	"	Ta Yuan Construction Co., Ltd.	5	19,019,154	202,616	-	-	-	0.00%	38,038,308	N	N	N	
1	Shen Yang Construction Co., Ltd.	Chi Yang Construction Co., Ltd.	2	3,237,920	2,282,500	2,282,500	111,300	-	140.99%	6,475,840	N	N	N	
1	"	Tsang Hsin Construction Co., Ltd.	5	3,237,920	953,500	949,450	378,000	-	58.65%	6,475,840	N	N	N	

Note 1: The explanation for filling out numbers is as follows: 1. The issuer shall fill out numbers of 02. Investees are numbered in order starting from "1".

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following six categories (simply specify the respective category):

1. Companies in a business relationship with the Company.
2. Subsidiaries in which the Company directly holds more than 50% of its total outstanding ordinary shares.
3. Investees in which parent company and subsidiary hold more than 50% of total outstanding ordinary shares combined.
4. Parent company in which the Company directly or indirectly (along with subsidiary) holds more than 50% of its total outstanding ordinary shares.
5. Companies providing mutual endorsements/guarantees for industry peers for purposes of undertaking a construction project.
6. Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: The procedures in which the Company provides endorsements/guarantees for others, the maximum endorsements/guarantees for each entity, and the total limit of endorsements/guarantees shall be filled in. The individual entity receiving endorsements/guarantees and the calculation method for the total limit amount shall be specified in the "Remarks" column.

1. The total endorsements and guarantees provided by the Company shall not exceed the net value of the Company's most recent financial statements; the endorsements and guarantees provided for an individual enterprise may not exceed 20% of the net value of the Company's most recent financial statements.
2. Where the Company fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, the restrictions in the preceding paragraph shall not apply and the endorsements and guarantees can still be provided. However, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.
3. Where Shen Yang Construction fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.

Note 4: Highest balance of endorsements/guarantees to others for the year.

Note 5: Endorsement/guarantee liabilities are assumed when the amount of the endorsement/guarantee contracts or bills signed with the bank by the Company is approved as of the end of the year. Other matters related to endorsements/guarantees shall be included in the endorsement/guarantee balance.

Note 6: Enter the actual amount drawn down by the companies for which the endorsements/guarantees are made within the range of endorsement/guarantee balance.

Note 7: Endorsements/guarantees made by TWSE/TPEX listed parent company for subsidiary, endorsements/guarantees made by subsidiary for TWSE/TPEX listed parent company, and endorsements/guarantees made in Mainland China are must be indicated with "Y".

Kuo Yang Construction Co., Ltd. and Subsidiaries
Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures)
December 31, 2022

Table 2

Unit: NT\$1,000
(Unless specified otherwise)

Securities held by	Type and name of marketable securities	Relationship with securities issuer	General ledger account	End of period				Remarks
				Number of shares	Carrying amount	Shareholding ratio	Fair value	
Kuo Yang Construction Co., Ltd.	Nomura Global High Yield Bond Fund	None	Current financial assets at fair value through profit or loss	689,047	\$ 4,154	-	\$ 4,154	
"	TCB Global Healthcare M-A Income Fund	None	"	1,000,000	7,676	-	7,676	
Shang Yang International Asset Management Co., Ltd.	O-Bank No. 1 Real Estate Investment Trust	None	"	617,000	5,134	-	5,134	
					<u>\$ 16,964</u>		<u>\$ 16,964</u>	
Kuo Yang Construction Co., Ltd.	Non-listed stocks - Tai Ho Construction Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	2,400,000	\$ -	17.14%	\$ -	
Celestial Talent Limited	Cultivate Wealth Limited	None	"	20.1	-	0.11%	-	
					<u>\$ -</u>		<u>\$ -</u>	
Kuo Yang Construction Co., Ltd.	Listed stocks - Ascent Development Co., Ltd.	Note 4	Current financial assets at fair value through other comprehensive income	3,108,000	\$ 64,491	3.38%	\$ 64,491	
"	Hi-Lai Foods Co., Ltd.	"	"	332,237	43,025	0.78%	43,025	
"	Hsin Kuang Steel Co., Ltd.	None	"	430,000	12,012	0.09%	12,012	
Shen Yang Construction Co., Ltd.	Listed stocks - Hi-Lai Foods Co., Ltd.	Note 4	"	22,149	2,868	0.05%	2,868	
"	China Development Financial Holding Co., Ltd.	None	"	4,000,000	50,400	0.02%	50,400	
"	Taiwan Cement Corporation	None	"	2,808,116	94,492	0.04%	94,492	
"	United Microelectronics Corporation	None	"	400,000	16,280	0.00%	16,280	
"	Co-Tech Development Corp.	None	"	800,000	40,000	0.32%	40,000	
"	Taiwan Semiconductor Manufacturing Co., Ltd.	None	"	135,000	60,548	0.00%	60,548	
"	AUO Corporation	None	"	800,000	12,000	0.01%	12,000	
"	Nan Ya Plastics Corporation	None	"	20,000	1,420	0.00%	1,420	
"	GlobalWafers Co., Ltd	None	"	45,000	19,238	0.01%	19,238	
"	C.C.P. Contact Probes Co., Ltd.	None	"	400,000	16,740	0.41%	16,740	
					<u>\$ 433,514</u>		<u>\$ 433,514</u>	
Kuo Yang Construction Co., Ltd.	Unlisted stocks - United Real Estate Management Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1,494,794	\$ 20,404	4.43%	\$ 20,404	
"	Hanshin Asset Management Co., Ltd.	Note 4	"	4,946,472	148,295	2.29%	148,295	
"	Grand Hi-Lai Hotel Co., Ltd.	"	"	4,960,081	147,959	16.53%	147,959	
Shen Yang Construction Co., Ltd.	Unlisted stocks - Han Chi Technology Co., Ltd.	"	"	450,000	6,300	9.00%	6,300	
Shang Yang International Asset Management Co., Ltd.	Unlisted stocks - Kaohsiung Arena Development Corporation	"	"	12,500,000	156,126	5.00%	156,126	
"	SE Security Corp.	None	"	1,526,170	25,882	15.26%	25,882	
					<u>\$ 504,966</u>		<u>\$ 504,966</u>	

Note 1: Leave the column blank if the issuer of marketable securities is non-related party.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 4: The securities issuer is an affiliate of the Group.

Kuo Yang Construction Co., Ltd. and Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
January 1 to December 31, 2022

Table 3

Unit: NT\$1,000
(Unless specified otherwise)

Company that acquired real property	Name of property	Transaction date	Transaction amount	Payment status	Transaction counterparty	Relation ship	Prior transaction of related counterparty				Basis of reference for price determination	Purpose of acquisition and status of usage	Miscellaneous
							Owner	Relationship with issuer	Transfer date	Amount			
Kuo Yang Construction Co., Ltd.	Inventories - land awaiting construction (Land on Longzhong Section, Gushan District, Kaoshiung City)	2022/3/21	\$ 1,296,265	\$ 1,296,265	Three persons including Person C	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from Zhe Yu Real Estate Appraisers Firm	Land for construction	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - land awaiting construction (Land on Jiangbei Section, Xizhi District, New Taipei City)	2022/7/4	\$ 971,486	\$ 971,486	Tung Kang Industrial Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from Zhe Yu Real Estate Appraisers Firm	Land for construction	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - construction-in-progress (New construction project in Jiuzhong Section, Neihu District, Taipei City)	2022/11/5	\$ 849,381	\$ 54,346	Chin Hsieh Hsing Construction Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from He Yang Real Estate Appraisers Firm	Construction of factory and office building for sale	Not applicable
Shen Yang Construction Co., Ltd.	Inventories - land awaiting construction (Land on Zhongyuan Section, Zhonghe District, New Taipei City)	2022/8/8	\$ 502,488	\$ 502,488	Twenty-one persons including Person T	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from Zhe Yu Real Estate Appraisers Firm	Land for construction	Not applicable

Note 1: Where an appraisal is required for an acquired asset, specify the appraisal results in the "reference for price determination".

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT\$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.

Note 3: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board meeting resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

Kuo Yang Construction Co., Ltd. and Subsidiaries
The business relationship and significant transactions between the parent company and its subsidiaries
January 1 to December 31, 2022

Table 4

Unit: NT\$1,000

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction status			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Other receivables - related parties	\$ 11,286	Note 4	0.07%
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Other income	10,748	Note 4	0.27%
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Rental/leasing revenue	203	Note 4	0.01%
0	Kuo Yang Construction Co., Ltd.	Shang Yang International Asset Management Co., Ltd.	1	Rental/leasing revenue	186	Note 4	0.00%
0	Kuo Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	1	Rental/leasing revenue	186	Note 4	0.00%
1	Shang Yang International Asset Management Co., Ltd.	Shadwell Limited.	3	Interest payable	425	Note 4	0.00%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is "0".
2. The subsidiaries are numbered in order starting from "1".

Note 2: Relationships are categorized into the following three types. Please specify the type:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: There is no major difference in transaction conditions between sales between parent company and subsidiaries and regular sales, other transaction conditions for other trades have no relevant examples to follow and the transaction conditions are determined in accordance with mutual agreements.

Kuo Yang Construction Co., Ltd. and Subsidiaries
Names, locations and other information of investee companies
(Excluding the investees in Mainland China)
January 1 to December 31, 2022

Table 5

Unit: NT\$1,000 (Unless specified otherwise)											
Name of investment company	Investee	Location	Main business activities	Initial investment amount		Holdings at the end of period			Net profit (loss) of investee for the current period	Investment income (loss) recognized by the Company for the current period	Remarks
				End of the period	End of last year	Number of shares	Percentage	Carrying amount			
Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	Taiwan	Real estate investment, development, and rental and leasing	\$ 1,600,000	\$ 1,600,000	160,000,000	100%	\$ 1,614,543	\$ 213,755	\$ 235,185	Subsidiary (Note 2)
"	Shang Yang International Asset Management Co., Ltd.	Taiwan	Residence and buildings lease construction and development	631,098	631,098	61,800,000	100%	647,160	(490)	(490)	Subsidiary (Note 2)
"	Star Epoch International Co., Ltd.	Taiwan	Residence and buildings lease construction and development	240,000	-	24,000,000	80%	240,098	140	98	Subsidiary (Note 2)
"	Shadwell Limited	British Virgin Islands	Investment in real estate property	4,742	4,742	200,000	100%	2,389	(61)	(60)	Subsidiary (Note 2)
"	Hanshin Shopping Plaza Co., Ltd.	Taiwan	Department store	480,000	480,000	10,005,000	20%	940,755	1,092,767	194,785	Affiliate enterprise
"	Sweet Me Hot Spring Resort Co., Ltd.	Taiwan	General hotel industry and restaurant management	22,000	22,000	2,200,000	20%	11,212	(4,853)	(563)	Affiliate enterprise
Shen Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	Taiwan	Horticulture services and afforestation	2,500	2,500	250,000	100%	1,207	(255)	(255)	Sub-subsidiary (Note 2)
"	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	176,000	136,000	17,600,000	80%	175,496	(191)	(153)	Sub-subsidiary (Note 2)
Shang Yang International Asset Management Co., Ltd.	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	31,500	31,500	3,150,000	45%	34,438	(61)	(14)	Affiliate enterprise
"	Century Rainbow Limited	Seychelles	Investment company	114,456 (USD 3,727 thousand)	114,456 (USD 3,727 thousand)	2,718,138	100%	763	25	25	Sub-subsidiary (Note 1, 2)
Century Rainbow Limited	Celestial Talent Limited	Seychelles	Investment company	83,746 (USD 2,727 thousand)	83,746 (USD 2,727 thousand)	1,988,828	100%	(102)	-	-	Sub-subsidiary (Note 1, 2)
Century Rainbow Limited	Charm Merit Limited	Hong Kong	Investment company	30,710 (USD 1,000 thousand)	30,710 (USD 1,000 thousand)	1,000,000	100%	943	25	25	Sub-subsidiary (Note 1, 2)
Charm Merit Limited	Good Fame Limited	Samoa	Investment company	30,710 (USD 1,000 thousand)	30,710 (USD 1,000 thousand)	1,000,000	40%	1,018	62	11	Affiliate enterprise (Note 1)

Note 1: Calculated based on the exchange rate of the foreign currency on December 31, 2022.

Note 2: All the transactions were consolidated and written off in the preparation of the consolidated financial statements.

Kuo Yang Construction Co., Ltd. and Subsidiaries
Information on investments in Mainland China - basic information
January 1 to December 31, 2022

Table 6

Unit: NT\$1,000
(Unless specified otherwise)

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Opening balance of accumulated fund transfer from Taiwan	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Ending balance of accumulated fund transfer from Taiwan	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognized by the Company in the current period (Note 2 (2). C)	Ending investment book value	Investment revenue transferred back to Taiwan as of the end of the period	Remarks
					Remitted to Mainland China	Remitted back to Taiwan							
Guopan Investment Consultancy Co., Ltd.	Business investment consulting and enterprise management consulting	\$ 92,130 (USD 3,000 thousand)	(2)	\$ 30,710 (USD 1,000 thousand)	\$ -	\$ -	\$ 30,710 (USD 1,000 thousand)	(\$ 1,484)	40%	\$ 25	\$ 1,097	\$ -	

Company name	Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC
The Company	\$ 30,710 (USD 1,000 thousand)	\$ 30,710	\$ 5,768,087

Note 1: The methods for engaging in investment in Mainland China are categorized into the following three types. Please specify the type:

- (1) The Company remits its own funds directly to the investee companies located in Mainland China.
- (2) The Company invests in Mainland China through a company in a third region. The Company invests in Good Fame Limited which invests in Guopan Investment Consultancy Co., Ltd.
- (3) Other methods.

Note 2: Investment income (loss) recognized by the Company in the current period:

- (1) If the company is in preparation status and no investment loss and profit has occurred, it shall be noted.
- (2) The three types of recognition of income on investment are as follows shall be noted.
 - A. Certified financial report audited by CPA firms in the Republic of China which have partnership with international CPA firms.
 - B. Financial report audited by CPA firm of Taiwan's parent company.
 - C. Others - Evaluations and disclosures of financial reports audited by the CPA.

Note 3: Related numbers in this table shall be expressed in NTD.

Kuo Yang Construction Co., Ltd. and Subsidiaries
Information on major shareholders
December 31, 2022

Table 7

Shareholder's name	Shares	
	Number of shares held	Shareholding ratio
Han Shen Investment Co., Ltd.	35,985,223	9.46%
Chung Shen Development Co., Ltd.	27,709,048	7.29%
Morta Enterprise Co., Ltd.	24,795,785	6.52%
Cheng Chi Co., Ltd.	23,124,570	6.08%
Han Chung Global Investment Co., Ltd.	20,205,488	5.31%

Note: The preceding information is provided by Taiwan Depository & Clearing Corporation (TDCC).

V. Individual financial statements of the most recent year
Independent Auditor's Report

(2023) Cai-Shen-Bao-Zi No. 22004384

To Kuo Yang Construction Co., Ltd.:

Audit Opinions

The Individual Balance Sheet of Kuo Yang Construction Co., Ltd. as of December 31, 2022 and 2021 and the Individual Statement of Comprehensive Income, Individual Statement of Changes in Equity, Individual Cash Flow Statement, and Notes to the Individual Financial Statements (including a summary of material accounting policies) from January 1 to December 31, 2022 and 2021 have been audited by the CPA.

In our opinion and based on our audits and reports of other CPAs, the Individual Financial Statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in all material respects, and present fairly the individual financial position of Kuo Yang Construction as of December 31, 2022 and 2021, and its individual financial performance and its individual cash flow from January 1 to December 31, 2022 and 2021.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Accounting (TWSA). Our responsibility based on these standards will be explained in greater detail in the section on our responsibilities for the review of the Individual Financial Statements. The personnel of the CPA firm who are governed by regulations on independence have acted according to the ROC CPA Code of Professional Ethics and remained independent of Kuo Yang Construction when fulfilling other obligations set forth in the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters pertain to the most important items of Kuo Yang Construction's 2022 Individual Financial Statements as per the professional judgment of the CPA. These matters were addressed in the context of our audit of the Individual Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Individual Financial Statements of Kuo Yang Construction for 2022 are as follows:

Appropriateness of the period in which income from the sales of houses and land is recognized

Description

Refer to Note 4 (26) in the Individual Financial Statements for accounting policies on operating revenue from construction, and refer to Note 6 (17) for the explanation of accounting items.

The revenue from the sales of houses and land in the construction business is recognized when the ownership of the real estate is transferred and the property handover certificate is delivered to the customer. As the houses and land of a construction business are sold to many customers, the CPA is required to review all information on the transfer of ownership before recognizing sales revenue. The process generally involves a high amount of manual labor to determine the accuracy of the timing for recognizing sales revenue. Therefore, the CPA regarded the appropriateness of the period in which income from the sales of houses and land is recognized as one of the most important items in the audit.

Corresponding auditing procedures

The CPA has compiled the following corresponding procedures that were executed for the specific levels described in the aforementioned key audit matters:

- We interviewed the management level to understand and review the procedures for recognizing sales revenue from the sales of houses and land and verify whether the procedures have been consistently adopted in the period of the Financial Statements.
- We assessed and tested the appropriateness of the period in which income from the sales of houses and land is recognized by the management within a certain period after the end of the period, including the information on the transfer of ownership of the land and houses and related dates to verify the accuracy of the timing for recognizing sales revenue.

Other matters – Reference to audits of other CPAs

We did not audit certain investments accounted for through the equity method in the financial statements of Kuo Yang Construction for 2022 and 2021. Those financial statements were audited by other CPAs. As such, our opinions in the aforementioned Individual Financial Statements on the amounts included in the aforementioned financial statements and related information disclosed in Note 13 were based on audit reports of other CPAs. The investment on equity method totaling NT\$986,405 thousand and NT\$970,823 thousand as of December 31, 2022 and 2021 accounted for 6.32% and 5.93% of the total assets, respectively. The comprehensive income recognized for 2022 and 2021 was NT\$142,204 thousand and NT\$168,898 thousand, which accounted for 50.76% and 23.05% of the total comprehensive income for the period, respectively.

Responsibilities of the management and the governing bodies for the Individual Financial Statements

The responsibility of the management was to prepare the individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" to properly indicate the company's financial status and to maintain necessary internal control with regard to establishment of individual financial statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When the Individual Financial Statements were in the process of preparation, the responsibility of the management also included assessment of the capacity of Kuo Yang Construction to continue operation, disclosure of related matters and the accounting approaches to be adopted when the company continued to operate unless the management intended to liquidate or suspend the business

of Kuo Yang Construction if there was not any other option except liquidation or suspension of the company's business.

The governance units (including the Audit Committee) of Kuo Yang Construction are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Individual Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an independent auditor's report. Reasonably reliable means highly reliable. However, auditing work carried out in accordance with the Standards on Auditing (TWSA) cannot guarantee detection of significant misrepresentations in the individual financial statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

When conducting the auditing work according to the Standards on Accounting (TWSA), we exercised our professional judgment and professional skepticism. We also execute the following tasks:

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Individual Financial Statements. Designed and carried out appropriate countermeasures for the evaluated risks; Obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risks of material misstatements due to fraud are greater than those caused by errors.
2. Acquired necessary understanding about internal control which matters to audit and provide appropriate audit procedure under such circumstances. However, the purpose of such understanding is not for providing any opinion on the effectiveness of internal control of Kuo Yang Construction.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Concluded on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Kuo Yang Construction's ability to continue as a going concern. If we consider that material uncertainty exists in these matters or conditions, we are required to remind the users of the Individual Financial Statements to pay attention to relevant disclosure in the statements in their audit report, or revise the audit opinions when such disclosure is inappropriate. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Kuo Yang Construction to cease to continue as a going concern.
5. Evaluated the overall expression, structure and content of the Individual Financial Statements (including related notes) and if these statements present fairly the related

transactions and events.

6. Obtained sufficient and appropriate proof for audit on the finances of the individual entities in Kuo Yang Construction to state our opinion on the Individual Financial Statements. We are responsible for the direction, supervision and performance of the individual audit. We remain solely responsible for the audit opinions of the Individual Financial Statements.

The CPAs' communications with the governance units include the planned scope and period of the audit and material finding in the audit (including significant defects identified in the internal control during auditing procedures).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and communicated with them about the all relations and other matters (including related preventive measures) that could affect the independence of the CPA.

From the matters communicated with those charged with governance, the CPA determines matters that were of most significance in the audit of the 2022 Individual Financial Statements of Kuo Yang Construction for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

Chun-Yuan Hsiao

CPA

Fang-Yu Wang

Former Securities and Futures Bureau, Financial
Supervisory Commission

No. of Approval Document: Jin-Guan-Zheng-6 No.
0960042326

Financial Supervisory Commission

No. of Approval Document: Jin-Guan-Zheng-Shen No.
1030027246

March 14, 2023

Kuo Yang Construction Co., Ltd.
Individual Balance Sheet
December 31, 2022 and 2021

Unit: NT\$1,000

Assets	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 1,464,782	9	\$ 2,082,508	13
1110	Current financial assets at fair value through profit or loss	6 (2)	11,830	-	14,803	-
1120	Current financial assets at fair value through other comprehensive income	6 (3)	119,528	1	309,592	2
1140	Contract assets - current	6 (17)	18,434	-	-	-
1150	Notes receivable, net	6 (4)	61,223	-	50,628	-
1170	Accounts receivable, net	6 (4)	21,611	-	453,191	3
1200	Other receivables		18,914	-	280,408	2
1210	Other receivables - related parties	7	11,286	-	60,975	-
1220	Current income tax assets	6 (24)	283	-	11,628	-
130X	Inventories	6 (5) (6) and 8	9,735,453	63	9,111,433	56
1410	Prepayments		88,457	1	213,841	1
1476	Other Financial Assets - Current	8	600	-	1,209	-
1479	Other current assets - other		5,346	-	37,093	-
11XX	Total current assets		<u>11,557,747</u>	<u>74</u>	<u>12,627,309</u>	<u>77</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6 (3) and 7	316,658	2	234,385	2
1550	Investments recognized under the equity method	6 (7)	3,456,148	22	3,097,318	19
1600	Property, plant and equipment	8	28,704	-	30,459	-
1755	Right-of-use assets	6 (8)	39,165	-	58,747	-
1760	Investment properties, net	6 (9) and 8	60,524	1	61,672	1
1840	Deferred income tax assets	6 (24)	439	-	13,737	-
1920	Refundable deposits		88,177	1	139,653	1
1980	Other Financial Assets - Non Current	8	48,335	-	48,335	-
1990	Other non-current assets - other		2,737	-	54,383	-
15XX	Total non-current assets		<u>4,040,887</u>	<u>26</u>	<u>3,738,689</u>	<u>23</u>
1XXX	Total assets		<u>\$ 15,598,634</u>	<u>100</u>	<u>\$ 16,365,998</u>	<u>100</u>

(Continued)

Kuo Yang Construction Co., Ltd.
Individual Balance Sheet
December 31, 2022 and 2021

Unit: NT\$1,000

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term borrowings	6 (10)	\$ 4,651,483	30	\$ 4,125,766	25
2110	Short-term notes and bills payable	6 (11)	527,672	3	954,728	6
2130	Contract liabilities - current	6 (17)	42,781	-	868,648	6
2150	Notes payable		67,358	1	244,653	2
2170	Accounts payable		184,527	1	369,164	2
2219	Other payables - other	6 (13) and 7	452,773	3	212,621	1
2230	Current income tax liabilities	6 (24)	56,144	-	210,648	1
2280	Lease liabilities - current		21,255	-	20,523	-
2399	Other current liabilities - other		60,400	1	82,955	1
21XX	Total current liabilities		<u>6,064,393</u>	<u>39</u>	<u>7,089,706</u>	<u>44</u>
Non-current liabilities						
2580	Lease liabilities - non-current		21,707	-	43,212	-
2645	Deposits received		1,711	-	2,458	-
2670	Other non-current liabilities - other		1,246	-	1,220	-
25XX	Total non-current liabilities		<u>24,664</u>	<u>-</u>	<u>46,890</u>	<u>-</u>
2XXX	Total liabilities		<u>6,089,057</u>	<u>39</u>	<u>7,136,596</u>	<u>44</u>
Equity						
Share capital						
3110	Capital stock - common	6 (13)	3,800,000	24	3,800,000	23
Capital surplus						
3200	Capital surplus	6 (14)	627,683	4	627,683	4
Retained earnings						
3310	Legal reserve	6 (15)	999,950	7	988,010	6
3320	Special reserve		10,017	-	-	-
3350	Undistributed earnings		4,210,159	27	3,823,726	23
Other equity						
3400	Other equity	6 (16)	(138,232)	(1)	(10,017)	-
3XXX	Total equity		<u>9,509,577</u>	<u>61</u>	<u>9,229,402</u>	<u>56</u>
Commitment and contingencies						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 15,598,634</u>	<u>100</u>	<u>\$ 16,365,998</u>	<u>100</u>

The accompanying notes are an integral part of these individual financial statements.

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.
Individual Statements of Comprehensive Income
December 31, 2021 and 2020

Unit: NT\$1,000
(except earnings per share which is expressed in NT\$)

Item	Notes	2022		2021	
		Amount	%	Amount	%
4000 Operating revenue	6 (17)	\$ 3,111,563	100	\$ 4,527,439	100
5000 Operating costs	6 (22) (23)	(2,585,071)	(83)	(3,317,388)	(73)
5900 Operating profit		<u>526,492</u>	<u>17</u>	<u>1,210,051</u>	<u>27</u>
Operating expenses	6 (22) (23)				
6100 Promotion expenses		(115,299)	(4)	(123,520)	(3)
6200 Administrative expenses		(306,611)	(10)	(229,471)	(5)
6000 Total operating expenses		(421,910)	(14)	(352,991)	(8)
6900 Operating profit		<u>104,582</u>	<u>3</u>	<u>857,060</u>	<u>19</u>
Non-operating income and expenses					
7100 Interest income	6 (18)	4,616	-	6,273	-
7010 Other income	6 (19)	35,257	1	43,781	1
7020 Other profits and losses	6 (20)	(8,650)	-	(11,956)	-
7050 Finance costs	6 (21)	(27,110)	(1)	(32,084)	(1)
7070 Share of profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method	6 (7)				
		<u>428,955</u>	<u>14</u>	<u>293,759</u>	<u>7</u>
7000 Total non-operating income and expenses		<u>433,068</u>	<u>14</u>	<u>299,773</u>	<u>7</u>
7900 Pre-tax profit		<u>537,650</u>	<u>17</u>	<u>1,156,833</u>	<u>26</u>
7950 Income tax expenses	6 (24)	(51,722)	(1)	(174,682)	(4)
8200 Net profit of the term		<u>\$ 485,928</u>	<u>16</u>	<u>\$ 982,151</u>	<u>22</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		\$ 4,321	-	(\$ 232,204)	(5)
8330 Share of other comprehensive profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method - components that will not be reclassified to profit or loss		(210,366)	(7)	(17,131)	(1)
8310 Total components of other comprehensive income that will not be reclassified to profit or loss		(206,045)	(7)	(249,335)	(6)
Components that may be reclassified to profit or loss					
8361 Exchange differences on translation of foreign financial statements		310	-	(113)	-
8380 Share of other comprehensive profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method - components that may be reclassified to profit or loss		(18)	-	31	-
8360 Total components that may be reclassified to profit or loss		<u>292</u>	<u>-</u>	<u>(82)</u>	<u>-</u>
8300 Other comprehensive income (net)		<u>(\$ 205,753)</u>	<u>(7)</u>	<u>(\$ 249,417)</u>	<u>(6)</u>
8500 Total comprehensive income		<u>\$ 280,175</u>	<u>9</u>	<u>\$ 732,734</u>	<u>16</u>
Basic earnings per share	6 (25)				
9750 Basic earnings per share		<u>\$</u>	<u>1.28</u>	<u>\$</u>	<u>2.58</u>
Diluted earnings per share	6 (25)				
9850 Diluted earnings per share		<u>\$</u>	<u>1.28</u>	<u>\$</u>	<u>2.58</u>

The accompanying notes are an integral part of these individual financial statements.

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.
Individual Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT\$1,000

	Notes	Retained earnings				Other equity			Total equity
		Capital stock - common	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>2021</u>									
Balance as of January 1, 2021		\$ 3,800,000	\$ 627,683	\$ 856,070	\$ -	\$ 3,456,890	\$ 22,116	\$ 493,909	\$ 9,256,668
Net profit of the term		-	-	-	-	982,151	-	-	982,151
Other comprehensive income for the period	6 (16)	-	-	-	-	-	(82)	(249,335)	(249,417)
Total comprehensive income		-	-	-	-	982,151	82	249,335	732,734
Earnings appropriation and distribution:	6 (15)								
Allocation to legal reserve		-	-	131,940	-	(131,940)	-	-	-
Cash dividends		-	-	-	-	(760,000)	-	-	(760,000)
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	6 (16)	-	-	-	-	276,625	-	(276,625)	-
Balance as of December 31, 2021		<u>\$ 3,800,000</u>	<u>\$ 627,683</u>	<u>\$ 988,010</u>	<u>\$ -</u>	<u>\$ 3,823,726</u>	<u>\$ 22,034</u>	<u>(\$ 32,051)</u>	<u>\$ 9,229,402</u>
<u>2022</u>									
Balance as of January 1, 2022		\$ 3,800,000	\$ 627,683	\$ 988,010	\$ -	\$ 3,823,726	\$ 22,034	(\$ 32,051)	\$ 9,229,402
Net profit of the term		-	-	-	-	485,928	-	-	485,928
Other comprehensive income for the period	6 (16)	-	-	-	-	-	292	(206,045)	(205,753)
Total comprehensive income		-	-	-	-	485,928	292	(206,045)	280,175
Earnings appropriation and distribution:	6 (15)								
Allocation to legal reserve		-	-	11,940	-	(11,940)	-	-	-
Provision for special surplus reserve		-	-	-	10,017	(10,017)	-	-	-
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	6 (16)	-	-	-	-	(77,538)	-	77,538	-
Balance as of December 31, 2022		<u>\$ 3,800,000</u>	<u>\$ 627,683</u>	<u>\$ 999,950</u>	<u>\$ 10,017</u>	<u>\$ 4,210,159</u>	<u>\$ 22,326</u>	<u>(\$ 160,558)</u>	<u>\$ 9,509,577</u>

The accompanying notes are an integral part of these individual financial statements.

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.
Individual Cash Flow Statement
January 1 to December 31, 2022 and 2021

Unit: NTS1,000

	Notes	2022	2021
Cash Flows from Operating Activities			
Net profit before tax of the current period		\$ 537,650	\$ 1,156,833
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6 (22)	24,453	24,523
Amortization cost	6 (22)	542	234
Interest expenses	6 (21)	27,110	32,084
Interest income	6 (18)	(4,616)	(6,273)
Dividend income	6 (19)	(24,481)	(26,209)
Share of profit (loss) of affiliates and joint ventures recognized under the equity method	6 (7)		
Net gains (losses) on financial assets at fair value through profit or loss	6 (20)	(428,955)	(293,759)
		2,973	(703)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(18,434)	-
Notes receivable, net		(10,595)	(9,556)
Accounts receivable, net		431,580	(228,209)
Other receivables		261,213	143,763
Other receivables - related parties		49,689	93,419
Inventories		(545,656)	(241,065)
Prepayments		125,384	289,300
Other current assets		32,356	216,876
Other non-current assets		51,104	48,037
Changes in operating liabilities			
Contract liabilities		(825,867)	(83,512)
Notes payable		(177,295)	186,372
Accounts payable		(184,637)	(439,132)
Other payables		242,782	(34,478)
Other current liabilities		(22,555)	(361)
Cash inflow (outflow) generated from operations		(456,255)	828,184
Interest received		4,616	6,273
Interest paid		(108,078)	(116,031)
Dividends received		124,531	90,369
Income tax paid		(181,300)	(9,079)
Net cash inflow (outflow) from operating activities		(616,486)	799,716
Cash Flows from Investing Activities			
Acquisition of current financial assets at fair value through profit or loss		-	(25,000)
Disposal of current financial assets at fair value through profit or loss		-	31,508
Acquisition of current financial assets at fair value through other comprehensive income		(5,060)	(397,605)
Disposal of current financial assets at fair value through other comprehensive income		176,719	521,651
Acquisition of non-current financial assets at fair value through other comprehensive income		(59,548)	-
Acquisition of payments for investments recognized under the equity method	7	(240,000)	(22,456)
Acquisition of property, plant and equipment		(1,968)	-
Increases (decreases) in guarantee deposits		51,476	(59,715)
Net cash inflow (outflow) from investing activities		(78,381)	48,383
Cash Flows from Financing Activities			
Increase in short-term loans	6 (26)	525,717	931,804
Decrease in short-term notes and bills payable	6 (26)	(427,056)	(364,040)
Repayments of lease liabilities	6 (26)	(20,773)	(19,760)
(Decrease) increase in guarantee deposits received	6 (26)	(747)	845
Cash dividends paid	6 (15) (26)	-	(760,000)
Cash refunded in capital reduction	6 (13)	-	(3,165,825)
Cash inflow (outflow) generated from financing activities, net		77,141	(3,376,976)
Decrease in cash and cash equivalents		(617,726)	(2,528,877)
Cash and cash equivalents at beginning of period		2,082,508	4,611,385
Cash and cash equivalents at end of period		\$ 1,464,782	\$ 2,082,508

The accompanying notes are an integral part of these individual financial statements.

Chairman: Tzu-Kuan Lin

Manager: Shao-Ling Peng

Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.
Notes to Individual Financial Statements
2022 and 2021

Unit: NT\$1,000
(Unless specified otherwise)

I. Company history

Kuo Yang Construction Co., Ltd. (hereinafter referred to as the "Company") was established in June 1972. The Company is engaged in the construction of public housing and the lease and sales of commercial residential buildings, industrial plants, and commercial buildings. The Company has been listed on the Taiwan Stock Exchange since November 14, 1979.

II. Date and procedures of approval of the financial statements

The Individual Financial Report was released with the approval of the Board of Directors on March 14, 2023.

III. Application of new standards, amendments and interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards as endorsed and promulgated to be effective by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

1. New, revised, and amended standards, interpretations and amendments endorsed by the FSC and promulgated to be effective from 2022 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, "Conceptual Framework"	January 1, 2022
Amendments to IAS 16, "Property, Plant and Equipment — Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37, "Onerous Contracts — Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

2. The above standards and interpretations have no significant impact to the Company's financial position and financial performance based on the Company's assessment.

(II) Effects of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

1. New, revised, and amended standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IAS 1, "Accounting Policy Disclosure"	January 1, 2023
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

2. The above standards and interpretations have no significant impact to the Company's financial position and financial performance based on the Company's assessment.

(III) IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed by the FSC

1. New, revised, and amended IFRSs and interpretations issued by IASB but not yet endorsed by the FSC are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16, "Lease Liabilities in a Sale and Leaseback"	January 1, 2024
IFRS 17, "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1, "Non-current Liabilities with Covenants"	January 1, 2024

2. The above standards and interpretations have no significant impact to the Company's financial position and financial performance based on the Company's assessment.

IV. Summary of significant accounting policies

The material accounting policies applied in the preparation of the Individual Financial Report are summarized as follows: Except as stated otherwise, such policies have been consistently applied to all the periods presented.

(I) Statement of compliance

The individual financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(II) Basis of preparation

1. Except for the following items, these individual financial statements have been prepared under the historical cost convention:
 - (1) Financial assets at fair value through profit or loss.
 - (2) Financial assets at fair value through other comprehensive income.
2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the individual financial statements are disclosed in Note 5.

(III) Foreign currency translation

Items included in the individual financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e., the "functional currency"). The Individual Financial Report is presented in NTD which is the Company's functional currency.

1. Foreign currency transactions and balances
 - (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

- (2) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss in the period in which they arise.
 - (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
 - (4) All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses" based on the nature of the transactions.
2. Translation of foreign operations
- (1) The operating results and financial position of the Company, subsidiaries, and affiliates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - C. All resulting exchange differences are recognized in other comprehensive income.
 - (2) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary

after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(IV) Classification of current and non-current items

The Company engages in commissioned construction of buildings or plants for sale with business cycles which are generally more than 1 year. Assets and liabilities related to the construction business are classified as current or non-current based on the business cycle. The standards for the classification of current and non-current accounts are as follows:

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (2) Liabilities arising mainly from trading activities;
- (3) Assets that are expected to be realized within twelve months from the balance sheet date; or
- (4) Cash, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Assets not meeting the above criteria are classified by the Company as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be paid off within the normal operating cycle;
- (2) Liabilities arising mainly from trading activities;
- (3) Liabilities that are to be paid off within twelve months from the balance sheet date; or
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities not meeting the above criteria are classified by the Company as non-current assets.

(V) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VI) Financial assets at fair value through profit or loss

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using transaction date accounting.
3. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.
4. The Company recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(VII) Financial assets at fair value through other comprehensive income

1. The Company may make irrevocable election at initial recognition to recognize the changes in fair value in other comprehensive income for the investments in equity instruments that are not held for trading.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive profit or loss are recognized and derecognized using transaction date accounting.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity instruments are recognized in other comprehensive income. The cumulative gain or loss previously recognized in other comprehensive income shall be recorded to retained earnings and not be reclassified to profit or loss upon the derecognition. The Company recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic

benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(VIII) Accounts and notes receivable

1. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(IX) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost at each balance sheet date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information (including forecasts). On the other hand, the Company recognizes the impairment provision for lifetime ECLs for accounts receivable or contract assets containing a significant financing component.

(X) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XI) Lease transaction as a lessor - rent receivable/operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XII) Inventories

1. Inventories include construction land, houses and land under construction, and houses and land to be sold which are initially recorded at cost. Construction profit and loss is recognized based on the completed-contract method. Construction land is listed as houses and land under construction when they are under active development. The related interest expenses are capitalized in the period from active development or commencement of construction till the completion of construction.
2. Inventories at the end of the period is measured based on the cost and net realizable value, whichever is lower. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable expenses.

(XIII) Investments/subsidiaries and affiliates recognized under the equity method

1. "Subsidiaries" are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

2. Inter-company transactions, balances and unrealized gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its affiliates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary, the Company shall continue to recognize losses based on the shareholding percentage.

4. Affiliates are all entities over which the Company has significant influence but not control. In general, it is presumed that an investor has significant influence if the investor holds, directly or indirectly, 20% or more of the voting rights of the investee. Investments in affiliates are accounted for through the equity method and are initially recognized at cost.
5. The Company's share of its affiliates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an affiliate equals or exceeds its interest in the affiliate, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the affiliate.
6. When changes in an affiliate's equity do not arise from profit or loss or other comprehensive income of the affiliate and such changes do not affect the Company's ownership percentage of the affiliate, the Company recognizes change in ownership interests in the affiliate in "capital surplus" in proportion to its ownership.
7. Unrealized gains on transactions between the Company and its affiliates are eliminated to the extent of the Company's interest in the affiliates. Unrealized losses are also eliminated unless evidence of an impairment of the asset transferred in the transaction is provided. Accounting policies of affiliates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
8. When the Company disposes its investment in an affiliate and loses significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss, on the same basis as would be required if the Company directly disposed of relevant assets or liabilities. It means that profit or loss previously recognized in other consolidated profit or loss shall be reclassified as profit or loss when related assets or liabilities are disposed of. When the Company loses material influence over this affiliate, the profit and loss shall be transferred from equity and reclassified as profit or loss. If it retains significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
9. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the current-period profit and loss and other consolidated profit or loss in the individual financial statements shall be the same as the current profit or loss in the individual financial statements and the amortized amount in the other consolidated profit or loss attributable to owners of parent company. The equity attributable to owners of the Company in the individual financial statements shall be equal to the equity attributable to owners of the parent company in the consolidated financial statements.

(XIV) Joint operations

With regard to equity in joint operations, the Company recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Financial Report.

(XV) Property, plant and equipment

1. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting policies, changes in accounting estimates and errors", from the date of the change. The estimated useful life of real property is 50 years and the useful life of other assets is 3-5 years.

(XVI) Lease transaction as a lessee - right-of-use assets/lease liabilities

1. The Company recognizes lease assets as right-of-use assets and lease liabilities at the commencement date of the lease. For short-term leases or leases of low value assets, lease payments are recognized as expenses using the straight-line method during the lease term.
2. On the commencement date, the Company measures lease liabilities by the present value of outstanding lease payments, using the Company's incremental borrowing rate. Lease payments include
 - (1) Fixed payments less any lease incentives receivable; and
 - (2) Variable lease payments determined by changes in an index or rate.

In subsequent periods, the Company measures lease liabilities at amortized cost using the effective interest method and recognizes interest expense during the lease term. If the lease term or lease payment is changed due to reasons other than amendments to the lease contracts, the Company will remeasure the lease liabilities. The remeasurement amount is then recognized as an adjustment to the right-of-use assets.

3. Lease liabilities are recognized at cost on the starting date of the lease. The cost includes:
 - (1) the original measurement amount of the lease liabilities;
 - (2) any lease payments made on or before the commencement date;
 - (3) any original direct cost incurred; and
 - (4) Estimated cost for the dismantling and removal of the asset and the restoration of

its location, or the estimated cost for the restoration of conditions specified in the lease criteria and conditions.

The right-of-use assets are subsequently measured by adopting the cost model. The Company depreciates the right-of-use assets at the earlier of the right-of-use assets' useful life or the end of lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any remeasurements of the lease liability.

(XVII) Investment properties

An investment property is measured initially at its cost and subsequently measured under the cost approach. Except for land, the depreciation is recognized on a straight-line basis over a useful life of 30 to 60 years.

(XVIII) Intangible assets

Intangible assets include computer software which is recognized at acquisition cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(XIX) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there are any impairment indications. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XX) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXI) Accounts and notes payable

1. Accounts payable are the liabilities for purchases of raw materials, goods, or services, and notes payable generated from operations and those not generated from operations.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXII) Financial guarantee contracts

Financial guarantee contracts are contracts for which the Company must pay specific benefits to reimburse the holder of debt instruments for losses incurred when a specific debtor is unable to repay its debts upon maturity in accordance with the terms of the original or modified debt instrument. At initial recognition, the Company measures the financial guarantee contracts at fair value. The Company subsequently measures them based on the impairment provision for the expected credit losses and recognized cumulative earnings, whichever is higher.

(XXIII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service, and shall be recognized as expenses when the employees have rendered service.

2. Pension

Defined contribution plans

For defined contribution plans, the contributions shall be recognized as pension expenses when they are due on an accrual basis. Prepaid contributions shall be recognized that excess as an asset to the extent that the prepayment will lead to a cash refund or a reduction in the future payments.

3. Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognized as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' remuneration is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the Board of Directors' resolution.

(XXIV) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted as of the balance sheet date in the countries where the Company operates and generates taxable income. The income tax is levied on the unappropriated retained earnings and is recorded as income tax expense for the year after the shareholders' meeting passes the earnings distribution proposal in the following year.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the individual balance sheet. The deferred income tax is not accounted if it arises from initial recognition of an asset or liability in a transaction (excluding business mergers) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and affiliates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXV) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(XXVI) Revenue recognition

Land development and real property sales

1. The Company operates land development and real property sales. Revenue is recognized when the control of the real property is transferred to customers. For contracts for the sale of residential properties, the real property has no other use to the Company due to contract restrictions. However, the Company has an enforceable right to the contract payments only when the legal title or use of the real estate is transferred to the customer. Therefore, revenue is recognized when the legal title or use is transferred to the customer.
2. Some of the Company's sales contracts include variable consideration for price reduction and the Company uses the expected or most probable amount as the appropriate estimated value for variable consideration.
3. The Company has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. According to IFRS 15, if the Company determines that there are material financial compositions in the individual contracts for pre-sales houses, it is required to adjust the pledged consideration and recognize interest expenses. IFRS 15 also states that companies should consider the materiality of financial components only at the level of the contract and not at the level of the portfolio when determining whether a financial loan is material.

Labor services services

The Company provides consultancy services for planning, construction, and sales of construction development projects, and executes relevant services accordingly. Labor services are recognized as revenue when providing services to customers during the financial reporting period. The customer is required to pay at the time specified in the payment schedule. A contract asset is recognized when the services provided by the Company exceed the payment, while a contract liability is recognized when the payments exceed the services provided by the Company.

V. Significant accounting judgments, estimates and main uncertainty assumptions

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Refer to the explanation on significant accounting judgments, estimates, and uncertainty assumptions below. Such assumptions and estimates have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year,

(I) Critical judgments in applying accounting policies

None.

(II) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgments and estimates. The management of the Company mainly uses past experience and estimates of future market sales value as the basis for estimation. Therefore, there may be significant changes.

The Company's inventory information as of December 31, 2022 is detailed in Note 6 (5).

VI. Details of significant accounts

(I) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and working capital	\$ 4,055	\$ 3,802
Demand deposits	1,460,648	2,073,687
Cheque deposits	79	79
Time deposits	-	4,940
	<u>\$ 1,464,782</u>	<u>\$ 2,082,508</u>

1. The Company transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

2. The Company's revenue from pre-sales placed in a trust account is limited in use and the limitations are recognized in "other financial assets". Please refer to Note 8.

(II) Current financial assets at fair value through profit or loss

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Mandatory measurement of financial assets at fair value through profit or loss		
Beneficiary certificates	\$ 15,000	\$ 15,000
Valuation adjustment	(3,170)	(197)
	<u>\$ 11,830</u>	<u>\$ 14,803</u>

1. The Company recognized net gain (loss) of (\$2,973) and \$703 within financial assets at fair value through profit or loss for 2022 and 2021 based on the financial assets at fair value through profit or loss.
2. The Company has no financial assets at fair value through profit or loss pledged to others.

(III) Financial assets at fair value through other comprehensive income

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current items</u>		
Listed stocks	\$ 181,345	\$ 354,064
Valuation adjustment	(61,817)	(44,472)
	<u>\$ 119,528</u>	<u>\$ 309,592</u>
<u>Non-current items</u>		
Stocks no listed on the TWSE, TPEX, or emerging stocks	\$ 257,824	\$ 198,276
Valuation adjustment	58,834	36,109
	<u>\$ 316,658</u>	<u>\$ 234,385</u>

1. The Company opted to classify strategic investments and investments in equity instruments with stable dividend payments as financial assets at fair value through profit or loss. The fair value of such investments as of December 31, 2022 and 2021 were \$436,186 and \$543,977, respectively.
2. Based on the Company's financial plans for 2022 and 2021, the Company disposed of shares of listed companies with a fair value of \$176,719 and \$521,651. The cumulative gains (losses) from disposal totaled (\$1,059) and \$52,472.
3. The Company acquired the shares of Hanshin Department Store Co., Ltd. (hereinafter referred to as "Hanshin Department Store") from a related party in January 2021. As the Company's cumulative shareholding in the company has exceeded 20% and it gains significant influence over said company, the investment is recognized as an investment on equity method based on its fair value, and the cumulative profits are recognized as retained earnings. Please refer to Note 6 (7) and Note 7 (2) 9.

4. Amounts recognized in other comprehensive income in relation to the financial assets at fair value in income and other comprehensive income are listed below:

	<u>2022</u>	<u>2021</u>
<u>Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss</u>		
Changes in fair value recognized in other comprehensive income	\$ <u>4,321</u>	(\$ <u>232,204</u>)
Cumulative (losses) or gains converted to retained earnings due to derecognition	(\$ <u>1,059</u>)	<u>\$ 194,597</u>

5. The Company has no financial assets at fair value through other comprehensive profit or loss pledged to others.

(IV) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 61,223	\$ 50,628
Accounts receivable	21,611	453,191
Minus: Allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 82,834</u>	<u>\$ 503,819</u>

- The Company has no notes and accounts receivable pledged to others.
- As of December 31, 2022, December 31, 2021 and January 1, 2021, the balance of the Company's accounts receivable (including notes receivable) were \$82,651, \$503,395 and \$266,027, respectively.
- If the collaterals held or other credit enhancement tools are disregarded, the amount that best represents the Company's maximum exposure to credit risk for notes and accounts receivable as of December 31, 2022 and 2021 is the carrying amount of the notes and accounts receivable in each period.
- The aforementioned notes and accounts receivable are notes and accounts that are not past due or impaired.
- Please refer to Note 12 (2) for relevant credit risk information.

(V) Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Houses and land held for sale		
Beautiful Tree Hall	\$ 910	\$ 910
Kuo Yan Project	1,047,546	1,291,935
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	635,300	1,351,048
South Manor Project (Wenshan Gongxun Section Project)	4,326	10,083
Kuo Yang Silicon Valley (Xizhi Gongjian Section Project)	-	1,262
Good morning, Kuo Yang Phase 1 (Keelung Tiaohe Section Project)	-	1,684,924
	<u>1,688,082</u>	<u>4,340,162</u>
Minus: Allowance for valuation losses	(<u>241,142</u>)	(<u>422,723</u>)
	<u>1,446,940</u>	<u>3,917,439</u>

	December 31, 2022	December 31, 2021
Houses and land under construction		
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project) \$	33,246	\$ 43,940
Good morning, Kuo Yang Project Phase 2 (Keelung Tiaohe Section Project)	327,135	318,249
Kuo Yang Intercontinental Project (Formerly Neihu Jiuzong Section)	1,913,082	1,596,699
Kuo Yang Jilin Project (Formerly Jilin Urban Renewal Project)	179,595	-
	<u>2,453,058</u>	<u>1,958,888</u>
Minus: Allowance for valuation losses	-	-
	<u>2,453,058</u>	<u>1,958,888</u>
Land for construction and others		
Zhudong Project	251,872	251,872
Minquan East Road Project	273,821	273,821
Kuo Yang Jilin Project (Formerly Jilin Urban Renewal Project)	-	148,180
Jingmei Section	40,174	40,174
Kaohsiung Yunwen Section	108,170	108,170
Tucheng Section	1,240,546	1,216,210
Kuo Yang Digital Project (Formerly Sanchong Project)	1,242,518	963,175
Kaohsiung Gushan Project	1,429,195	-
Guowang Xiwan Road Project	1,006,094	-
Other	59,960	63,032
	<u>5,652,350</u>	<u>3,064,634</u>
Minus: Allowance for valuation losses	(170,971)	(183,604)
	<u>5,481,379</u>	<u>2,881,030</u>
Prepayments for houses and land and others		
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	354,076	354,076
	<u>\$ 9,735,453</u>	<u>\$ 9,111,433</u>

1. The Company recognized cost of inventories as expenses totaling \$2,583,922 and \$3,316,239 in 2022 and 2021, respectively. They included the gains on reversal recognized as a result of the recovery in net realizable value

totaling \$194,214 and \$129,348.

2. In 2022 and 2021, the amount of inventory interest capitalization was \$78,364 and \$62,790, respectively. The interest capitalization rates ranged from 1.80% to 3.00% and 1.80% to 2.20%, respectively.
3. Please refer to Note 8 for detailed information on the Company's use of inventory as collateral.

(VI) Joint operations

1. The Company operates certain development projects through joint operations. With regard to equity in joint operations, the Company recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Individual Financial Report.
2. The information on the joint operations held by the Company is as follows:

Project name	Percentage held	Landowner or joint builder	Description
Kuo Yang The Green Place Project	65%	Five companies including Wei Li International Development Co., Ltd.	Annan District, Tainan City
Good morning, Kuo Yang Project	55%	Chi Hsuan Construction Co., Ltd., Tsang Shan Development Co., Ltd.	Zhongzheng District, Keelung City
Kuo Yang Intercontinental Project (Formerly Neihu Jiuzong Section Project)	50%	Five companies including Wei Li International Development Co., Ltd.	Neihu District, Taipei City
Tucheng Project	50%	Four companies including Wei Li International Development Co., Ltd.	Tucheng District, New Taipei City
Kuo Yang Digital Project (Formerly Sanchong Project)	50%	Four companies including Wei Li International Development Co., Ltd.	Sanchong District, New Taipei City
Kaohsiung Gushan Project	50%	Six companies including Wei Li International Development Co., Ltd.	Gushan District, Kaoshiung

Guowang Xiwan Road Project	50%	Four companies including Wei Li International Development Co., Ltd.	Xizhi District, New Taipei City
Huangpu New Village Project	50%	Radeq Enterprise Co., Ltd.	Songshan District, Taipei City

3. The information on the shares of joint operations held by the Company is compiled as follows:

	December 31, 2022		
	Kuo Yang Intercontinental Project	The Green Place Project	Other joint construction operations
<u>Balance Sheet</u>			
Current assets			
Inventories	\$ 1,913,082	\$ 1,022,622	\$ 5,212,003
Other current assets	47,661	356,640	299,968
	<u>1,960,743</u>	<u>1,379,262</u>	<u>5,511,971</u>
Non-current assets	99	23,811	21,470
Total assets	<u>\$ 1,960,842</u>	<u>\$ 1,403,073</u>	<u>\$ 5,533,441</u>
Current liabilities			
Short-term borrowings	\$ 1,305,890	\$ 53,430	\$ 3,256,024
Short-term notes and bills payable	-	186,953	-
Contract liabilities	-	11,228	2,043
Other current liabilities	84,624	57,835	86,042
	<u>1,390,514</u>	<u>309,446</u>	<u>3,344,109</u>
Non-current liabilities	-	-	120
Total liabilities	<u>\$ 1,390,514</u>	<u>\$ 309,446</u>	<u>\$ 3,344,229</u>
<u>Statement of Comprehensive Income</u>			
Revenue	\$ 1,429	703,195	\$ 1,929,655
Cost	\$ -	\$ 598,106	\$ 1,740,309
Fees	\$ 1,277	\$ 39,603	\$ 61,097

	December 31, 2022		
	Kuo Yang Intercontinental Project	The Green Place Project	Other joint construction operations
<u>Balance Sheet</u>			
Current assets			
Inventories	\$ 1,596,699	\$ 1,749,064	\$ 4,209,407
Other current assets	75,369	345,368	914,238
	<u>1,672,068</u>	<u>2,094,432</u>	<u>5,123,645</u>
Non-current assets			
Total assets	<u>\$ 1,672,068</u>	<u>\$ 2,118,116</u>	<u>\$ 5,343,190</u>
Current liabilities			
Short-term borrowings			
	\$ 1,189,500	\$ 149,526	\$ 2,497,600
Short-term notes payable			
	-	410,412	-
Contract liabilities			
	821	29,573	816,696
Other current liabilities			
	1,874	104,133	416,024
	<u>1,192,195</u>	<u>693,644</u>	<u>3,730,320</u>
Non-current liabilities			
Total liabilities	<u>\$ 1,193,195</u>	<u>\$ 693,650</u>	<u>\$ 3,730,440</u>
<u>Statement of Comprehensive Income</u>			
Revenue	\$ 5,031	\$ 1,490,917	\$ 2,471,403
Cost	\$ -	\$ 1,248,472	\$ 1,849,528
Fees	\$ 1,184	\$ 58,137	\$ 65,374

(VII) Investments recognized under the equity method

	December 31, 2022	December 31, 2021	Shareholding ratio
Subsidiaries:			
Shen Yang Construction Co., Ltd.	\$ 1,614,534	\$ 1,535,932	100%
Shang Yang International Asset Management Co., Ltd.	647,160	649,447	100%
Star Epoch International Co., Ltd.	240,098	-	80%
SHADWELL LIMITED	2,389	2,140	100%
Affiliate enterprises:			
Hanshin Shopping Plaza Co., Ltd.	940,755	898,024	20%
Sweet Me Hot Spring Resort Co., Ltd.	11,212	11,775	20%
	<u>\$ 3,456,148</u>	<u>\$ 3,097,318</u>	

1. Hanshin Shopping Plaza Co., Ltd. (hereinafter referred to as "Hanshin Shopping Plaza")

(1) The Company acquired the shares of Hanshin Department Store from a related party in January 2021. As the Company's cumulative shareholding in the company has exceeded 20%, the equity method is adopted for valuation. Please refer to Note 6 (3) and Note 7 (2) 9.

(2) Hanshin Shopping Plaza adopted September 9, 2021 as the baseline date for the stock conversion, and merged with Hanshin Department Store through a share conversion. According to the terms of the share conversion, the share exchange ratio was 1 common share of Hanshin Department Store exchanged to 0.25 common shares of Hanshin Shopping Plaza. After the share conversion, the Company holds 20% of the shares of Hanshin Shopping Plaza, and Hanshin Department Store became a wholly-owned subsidiary of Hanshin Shopping Plaza.

2. Refer to Note 4 (3) of the 2021 Consolidated Financial Statements for information on the Company's subsidiaries.

3. The carrying amounts of the Company's individual insignificant affiliates as of December 31, 2022 and 2021 are shown in the table above, and the results of operations are as follows:

	<u>2022</u>	<u>2021</u>
Net profit from continuing operations for the period	194,222	175,708
Other comprehensive income (net income after tax)	(<u>52,004</u>)	(<u>36,552</u>)
Total comprehensive income	<u>\$ 142,218</u>	<u>\$ 139,156</u>

4. The Company's aforementioned investment targets have no public quotations on the market. The share of profit/loss on equity-accounted investee companies in 2022 and 2021 was \$428,955 and \$293,759, respectively. They were evaluated and disclosed based on the audited financial statements of each investee company for the same periods.

(VIII) Lease transaction - lessee

1. The assets leased by the Company include buildings and office equipment and the lease term is generally between 1 and 6 years. The lease contracts are negotiated individually and contain various terms and conditions without

other restrictions except for the leased assets restricted to pledge to others.

2. The information of the carrying amount of the right-of-use assets and the recognition of depreciation expense are as follows:

	<u>January 1, 2022</u>	<u>Depreciation</u>	<u>Disposal/outward transfer</u>	<u>December 31, 2022</u>
Real estate rental and leasing				
Cost	\$ 117,557	\$ -	-	\$117,557
Accumulated depreciation	(58,810)	(19,582)	-(78,392)	
	<u>\$58,747</u>	<u>(\$ 19,582)</u>	<u>\$ -</u>	<u>\$ 39,165</u>

	<u>January 1, 2021</u>	<u>Depreciation</u>	<u>Disposal/outward transfer</u>	<u>December 31, 2021</u>
Real estate rental and leasing				
Cost	\$ 117,557	\$ -	-	\$117,557
Accumulated depreciation	(39,227)	(19,583)	-(58,810)	
	<u>\$ 78,330</u>	<u>(\$ 19,583)</u>	<u>\$ -</u>	<u>\$58,747</u>

3. The information on the lease contract affecting profit or loss is as follows:

	<u>2022</u>	<u>2021</u>
<u>Items affecting current profit or loss</u>		
Interest expense from lease liabilities	\$ 1,104	\$ 1,531
Rent expense of short-term leases	2,606	2,666
Income from lease of right-of-use assets	844	1,685

4. The cash flows used in the lease payments of the Company in 2022 and 2021 amounted to \$24,483 and \$23,957, respectively.

(IX) Investment properties

			Buildings and structures	
		Land		Total
January 1, 2022				
Cost		\$ 65,657	\$ 49,924	\$ 115,581
Accumulated depreciation and impairment		(28,643)	(25,266)	(53,909)
		<u>\$ 37,014</u>	<u>\$ 24,658</u>	<u>\$ 61,672</u>
<u>2022</u>				
January 1		\$ 37,014	\$ 24,658	\$ 61,672
Depreciation		-	(1,148)	(1,148)
December 31		<u>\$ 37,014</u>	<u>\$ 23,510</u>	<u>\$ 60,524</u>
December 31, 2022				
Cost		\$ 65,657	\$ 49,924	\$ 115,581
Accumulated depreciation and impairment		(28,643)	(26,414)	(55,057)
		<u>\$ 37,014</u>	<u>\$ 23,510</u>	<u>\$ 60,524</u>
			Buildings and structures	
		Land		Total
January 1, 2021				
Cost		\$ 65,657	\$ 49,924	\$ 115,581
Accumulated depreciation and impairment		(28,643)	(24,117)	(52,760)
		<u>\$ 37,014</u>	<u>\$ 25,807</u>	<u>\$ 62,821</u>
<u>2021</u>				
January 1		\$ 37,014	\$ 25,807	\$ 62,821
Depreciation		-	(1,149)	(1,149)
December 31		<u>\$ 37,014</u>	<u>\$ 24,658</u>	<u>\$ 61,672</u>
December 31, 2021				
Cost		\$ 65,657	\$ 49,924	\$ 115,581
Accumulated depreciation and impairment		(28,643)	(25,266)	(53,909)
		<u>\$ 37,014</u>	<u>\$ 24,658</u>	<u>\$ 61,672</u>

2. Rent income and direct operating expenses from investment properties:

	<u>2022</u>	<u>2021</u>
Rent income from investment properties	\$ <u>2,948</u>	\$ <u>1,989</u>
Direct operating expenses incurred by investment properties that generate rent income in the current period	(\$ <u>1,632</u>)	(\$ <u>1,606</u>)

3. The fair value of the investment properties held by the Company as of December 31, 2022 and 2021 was \$118,946 and \$118,104, respectively. They were determined based on the appraisal report prepared by external appraisal experts and comparisons with recent transaction prices of similar targets in the area of the investment properties. The fair value is determined based on property rights, regional factors, individual factors, current conditions of the real estate market, and the subject of the survey, and is evaluated based on the comparison approach and the income approach, which are level 2 and level 3 fair values, respectively.

4. Please refer to Note 8 for detailed information on the Company's use of investment properties as collateral.

(X) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured loans	\$ <u>4,651,483</u>	2.30%~2.89%	Please refer to Note 8
<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured loans	\$ <u>4,125,766</u>	1.80%~2.25%	Please refer to Note 8

(XI) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial papers payable	\$ 528,500	\$ 955,340
Minus: Discounted short-term notes and bills payable	(828)	(612)
Net amount	\$ <u>527,672</u>	\$ <u>954,728</u>
Interest rate range	<u>1.30%~1.66%</u>	<u>0.31%~0.90%</u>

(XII) Pension

Effective July 1, 2005, the Company has established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance for employees who opt for the pension system in the "Labor Pension Act". The contribution plan accrues dividends from an employee's individual account and is paid monthly or in lump sum upon retirement of an employee. The pension costs recognized by the Company in accordance with the above pension plan were \$3,482 and \$3,228 in 2022 and 2021.

(XIII) Share capital

1. As at December 31, 2022 and 2021, the Company's authorized capital was \$7,000,000 and the paid-in capital was both \$3,800,000. The par value per share is \$10. The payment for all issued shares of the Company has been collected. The beginning and the ending of the Company's ordinary shares outstanding in 2020 and 2021 were both 380,000 thousand shares.
2. On August, 3, 2020, the Company's Board of Directors resolved to reduce capital and return cash of \$3,165,825 totaling 316,582 thousand shares. It was passed in the extraordinary shareholders meeting on September 18, 2020 and became effective after the approval of the Financial Supervisory Commission on October 27, 2020. The Company has completed the registration of changes. The capital reduction payments were distributed on January 12, 2021.

(XIV) Capital surplus

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Paid-in capital in excess of par value of common stock	\$ 596,116	\$ 596,116
Changes in subsidiary's equity	1,724	1,724
Gain on disposal of assets	3,323	3,323
Donations	17,652	17,652
Changes in net value of equity of affiliates and joint ventures recognized under the equity method	8,868	8,868
	<u>\$ 627,683</u>	<u>\$ 627,683</u>

According to the Company Act, capital surplus can only be used to offset losses. However, capital surplus arising from shares issued at premium (including the issuance of common shares at premium, capital stock premiums as a result of stock issuance due to a merger, and treasury stock transactions) and donations received may be used, in part or in whole, for the distribution of new shares or cash based on the shareholders' original shareholding ratio in accordance with a resolution of the shareholders' meeting when the Company does not have deficits. The Company may use capital surplus to offset losses only when the legal reserve cannot fully cover capital losses. The capital surplus recognized as long-term equity investments under the equity method cannot not be used for any purpose.

(XV) Retained earnings

1. According to the earnings distribution policy in the Articles of Incorporation of the Company, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall

be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with undistributed earnings at the beginning of the period. Where the Company intends to distribute earnings by issuing new shares, it shall file a proposal to the shareholders' meeting and obtain approval in a resolution before the distribution. Where dividends are distributed in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and it shall be reported at the shareholders' meeting.

2. The shareholders' meeting approved the amendment of the Articles of Incorporation in a resolution on Friday, June 17, 2022. According to the Company's earnings distribution policy in the Articles of Incorporation, the Company has deleted the Article stating that it may proceed with the distribution of earnings of making up for losses at the end of each quarter in accordance with the Company Act.
3. The legal reserve may only be used for offsetting deficits and the distribution of new shares or cash based on the shareholders' original shareholding ratio. However, when new shares or cash dividends are distributed, the distribution shall be restricted to the legal reserve in excess of 25% of the paid-in capital.
4. When the Company distributes earnings, it shall first appropriate funds for the special reserve from the balance of other equities of borrowers as of the balance sheet date of the current year in accordance with laws and regulations. Once the balance of other equities of borrowers has been reversed, the reversed amount may be calculated as distributable earnings.
5. The Company's dividend policy is set up in accordance with the Company Act and the Articles of Incorporation and determined by the Company's financial structure, earnings, and long-term business plans to meet the development and transformation needs. The ratio of stock dividends to cash dividends shall be determined each year based on the requirements for working capital, provided that the cash dividends shall not be less than 20%. When the paid-in capital has reached NT\$10 billion, the cash dividends shall not be less than 50%.
6. The appropriations of 2021 and 2020 earnings were approved by the Shareholders' Meeting and the Board of Directors' meeting, and details are summarized as follows:

	2021		2020	
	Amount	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)
Legal reserve	\$ 125,878	\$ -	\$ 495,988	\$ -
Special reserve	10,017	-	-	-
Cash dividends	380,000	1.0	1,424,874	2.50

7. The cash dividends distribution for 2022 and 2021 approved by the Board of Directors are summarized as follows: For the first quarter of 2022, and third and fourth quarters of 2021, upon resolution from the Board of Directors' meeting, cash dividends will not be distributed.

	<u>2021 Q2</u>	<u>2021 Q1</u>
	<u>August 9, 2021</u>	<u>May 10, 2021</u>
Date of board resolution		
Legal reserve	\$ 65,908	\$ 48,030
Cash dividends	190,000	190,000
Cash dividends per share	0.50	0.50

8. The 2022 earnings distribution proposal was approved by the Board of Directors on March 14, 2023, and details are as follows:

	2022	
	<u>Amount</u>	<u>Dividends per share (NT\$)</u>
Legal reserve	\$ 40,839	\$ -
Special reserve	128,215	-
Cash dividends	-	-

9. Please refer to Note 6 (23) for more information on employees' remuneration and Directors' remuneration.

(XVI) Other equity interests

	<u>2022</u>		
	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>	<u>Total</u>
January 1	\$ 22,034	(\$ 32,051)	(\$ 10,017)
Valuation adjustment - the Company	-	(47,684)	(47,684)
Valuation adjustment - subsidiaries	-	(158,361)	(158,361)
Valuation adjustment transferred to retained earnings	-	77,538	77,538
Currency translation differences	292	-	292
December 31	<u>\$ 22,326</u>	<u>(\$ 160,558)</u>	<u>(\$ 138,232)</u>

	2021		
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
January 1	\$ 22,116	\$ 493,909	\$ 516,025
Valuation adjustment - the Company	-	(268,156)	(268,156)
Valuation adjustment - subsidiaries	-	18,821	18,821
Valuation adjustment transferred to retained earnings	-	(276,625)	(276,625)
Currency translation differences	(82)	-	(82)
December 31	<u>\$ 22,034</u>	<u>(\$ 32,051)</u>	<u>(\$ 10,017)</u>

(XVII) Operating revenue

	2022	2021
Revenue from contracts with customers	\$ 3,101,474	\$ 4,513,859
Other	10,089	13,580
	<u>\$ 3,111,563</u>	<u>\$ 4,527,439</u>

1. Detailed items of revenues from contracts with customers

The Company's revenue is derived from the transfer of product and services at certain points in time or gradual transfer as time progresses. Revenue by operation is further divided as follows:

<u>2022</u>	<u>Sales of construction projects</u>	<u>Other</u>	<u>Total</u>
Revenue recognition time			
- Revenue recognized at a certain point in time	\$ 3,080,217	\$ -	\$ 3,080,217
- Revenue transferred gradually as time progresses	-	31,346	31,346
	<u>\$ 3,080,217</u>	<u>\$ 31,346</u>	<u>\$ 3,111,563</u>

<u>2021</u>	<u>Sales of construction projects</u>	<u>Other</u>	<u>Total</u>
Revenue recognition time			
- Revenue recognized at a certain point in time	\$ 4,343,422	\$ -	\$ 4,343,422
- Revenue transferred gradually as time progresses	-	184,017	184,017
	<u>\$ 4,343,422</u>	<u>184,017</u>	<u>\$ 4,527,439</u>

2. The total amounts in the apportionment of the transactions and estimated year of revenue recognition for the Company's outstanding contract performance obligations for sales contracts signed as of December 31, 2022 are as follows:

<u>Estimated year of revenue recognition</u>	<u>Amount in signed contracts</u>
112~116	<u>\$ 215,100</u>

3. Contract assets and contract liabilities

The Company recognizes revenues generated by customer contracts, and the following contract assets and contract liabilities are as follows:

Item	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract assets -			
current:			
Labor services			
services	\$ 18,434	\$ -	\$ -
Contract liabilities -			
current:			
Contract liabilities -			
advance receipt of			
land payment	\$ 28,537	\$ 552,436	\$ 436,101
Contract liabilities -			
advance receipt of			
property payment	14,244	316,212	516,059
	<u>\$ 42,781</u>	<u>\$ 868,648</u>	<u>\$ 952,160</u>

- (1) The Company has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. The Company recognizes contract liabilities related to the pre-sales house contracts in accordance with IFRS 15.
- (2) Opening contract liabilities recognized as income in the current period

	<u>2022</u>	<u>2021</u>
Opening balance of contract liabilities recognized as income in the current period		
Construction project sales contract	<u>\$ 849,366</u>	<u>\$ 596,477</u>

- (3) Contract modifications and variable consideration
 In 2022 and 2021, as the contract price of the certain project development contracts for the operation and management service revenue was revised according to the partners' supplementary agreement, and the Company's contract obligations are labor services that cannot be separated, the Company has considered the most appropriate estimate and recognized an catch-up adjustment to revenue of \$1,731 and \$169,846, respectively, based on the amended contracts.

(XVIII) Interest income

	<u>2022</u>	<u>2021</u>
Interest from bank deposits	\$ 2,780	\$ 1,356
Other interest income	1,615	4,917
Net interest income from financial assets at fair value through profit or loss	<u>221</u>	<u>-</u>
	<u>\$ 4,616</u>	<u>\$ 6,273</u>

(XIX) Other income

	<u>2022</u>	<u>2021</u>
Dividend income	\$ 24,481	\$ 26,209
Income from default penalty of buyers	-	2,412
Other	<u>10,776</u>	<u>15,160</u>
	<u>\$ 35,257</u>	<u>\$ 43,781</u>

(XX) Other profits and losses

	<u>2022</u>	<u>2021</u>
Net gains (losses) on financial assets at fair value through profit or loss	(2,973)	703
Other	<u>(5,677)</u>	<u>(12,659)</u>
	<u>(\$ 8,650)</u>	<u>(\$ 11,956)</u>

(XXI) Finance costs

	<u>2022</u>	<u>2021</u>
Interest expenses:		
Bank borrowings	\$ 82,990	\$ 73,739
Interest on short-term notes and bills payable	14,908	15,257
Other	7,576	5,878
	<u>105,474</u>	<u>94,874</u>
Minus: Amount eligible for asset capitalization	(78,364)	(62,790)
Finance costs	<u>\$ 27,110</u>	<u>\$ 32,084</u>

(XXII) Additional information on expenses

	<u>2022</u>	<u>2021</u>
Construction cost in this period	\$ 2,583,922	\$ 3,316,239
Employee benefit expenses	119,610	107,372
Depreciation	24,453	24,523
Amortization of intangible assets	542	234
Tax expenses	13,643	15,639
Professional service expenses	22,093	45,186
Advertising expenses	9,973	13,803
Commission expenditures	78,506	91,045
Management fees	21,723	10,655
Other expenses	132,516	45,683)
	<u>\$ 3,006,981</u>	<u>\$ 3,670,379</u>

(XXIII) Employee benefit expenses

	<u>2022</u>	<u>2021</u>
Salary expenses	\$ 90,462	\$ 80,846
Labor and health insurance fees	7,386	6,558
Pension expenses	3,482	3,228
Remuneration for Directors	14,271	9,253
Other benefit expenses	4,009	7,487)
	<u>\$ 119,610</u>	<u>\$ 107,372</u>

1. According to the Articles of Incorporation, if the Company has earnings in the current year, the Company's remuneration for employees and Directors shall be 0.5% to 5% and no more than 5% of the earnings before tax of the year and before deducting remuneration for employees and Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.
2. The Company's estimated amounts of employees' remuneration in 2022 and 2021 amounted to \$11,201 and \$5,843, respectively. The estimated amounts of Directors' remuneration are \$11,201 and \$5,843, respectively. All amounts are recognized as salary expenses.

The estimated amounts of employees' remuneration and Directors' remuneration based on the profitability in 2022 are 2% and 2%, respectively. The estimated amounts and the method of distribution of employees' remuneration were approved in a resolution of the Board of Directors on March 14, 2023.

Employees' remuneration and Directors' remuneration in the Board of Directors' resolution for 2021 were equal to the amount recognized in the financial statements for 2021.

Information on employees' remuneration and directors' remuneration of the Company for 2021 as resolved by the Board of Directors is posted in the "Market Observation Post System".

(XXIV) Income tax

1. Income tax expenses

(1) Components of income tax expenses:

	<u>2022</u>	<u>2021</u>
<u>Current income tax</u>		
Income tax arising in the current period	\$ -	\$ 78,031
Surtax on undistributed earnings	56,144	132,951
Land value increment tax included in current income tax	22,779	8,746
Adjustments in respect of prior years	(27,508)	(44,300)
Total current income tax	<u>51,415</u>	<u>175,428</u>
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	<u>307</u>	(746)
Income tax expenses	<u>\$ 51,722</u>	<u>\$ 174,682</u>

- (2) The Company's income tax directly in other comprehensive income was \$0 in both 2022 and 2021.

2. Relationship between income tax expenses and accounting profits:

	2022	2021
Income tax from net profit before tax calculated at the statutory tax rate	\$ 107,530	\$ 231,378
Surtax on undistributed earnings	56,144	132,951
Expenses to be excluded based on tax laws	20,455	-
Tax-exempt income based on tax laws	(178,629)	(80,871)
Temporary differences not recognized in deferred income tax assets	(39,868)	(61,570)
Tax losses in previous years not recognized in deferred income tax assets	-	(10,906)
Tax losses not recognized in deferred income tax assets	90,512	-
Origination and reversal of temporary differences	307	(746)
Adjustments in overestimated income tax in the previous year	(27,508)	(44,300)
Land value increment tax included in current income tax, etc.	22,779	8,746
Income tax expenses	<u>\$ 51,722</u>	<u>\$ 174,682</u>

3. The deferred income tax assets or liabilities from temporary differences are as follows:

	2022			
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
<u>Deferred income tax assets</u>				
Unrealized expenses	\$ 746	(\$ 307)	\$ -	\$ 439
Prepaid land value increment tax	12,991	(12,991)	-	-
	<u>\$ 13,737</u>	<u>(\$ 13,298)</u>	<u>\$ -</u>	<u>\$ 439</u>

	2021			
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
<u>Deferred income tax assets</u>				
Unrealized expenses	\$ -	\$ 746	\$ -	\$ 746
Prepaid land value increment tax	-	12,991	-	12,991
	<u>\$ -</u>	<u>\$ 13,737</u>	<u>\$ -</u>	<u>\$ 13,737</u>

4. The effective periods of unused tax losses and related amounts of unrecognized deferred income tax assets are as follows:

December 31, 2022				
Year occurred	Reported amount/approved amount	Amount not yet deducted	Unrecogni- zed deferred income tax assets	Final deductible year
2022	452,560	452,560	452,560	2032

5. The Company's profit-seeking enterprise income tax returns have been approved by the tax authorities up to 2020.

(XXV)

EPS

2022			
	Amount after tax	Number of ordinary shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 485,928	380,000	\$ <u>1.28</u>
Assumed conversion of all dilutive potential ordinary shares of employee remuneration	-	680	
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 485,928	380,680	\$ <u>1.28</u>
2021			
	Amount after tax	Number of ordinary shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 982,151	380,000	\$ <u>2.58</u>
Assumed conversion of all dilutive potential ordinary shares of employee remuneration	-	440	
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	\$ 982,151	380,440	\$ <u>2.58</u>

(XXVI) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Lease liabilities</u>	<u>Deposits received</u>	<u>Total</u>
January 1, 2022	\$ 4,125,766	\$ 954,728	\$ 63,735	\$ 2,458	\$ 5,146,687
Changes in cash flows from financing activities	525,717	(427,056)	(20,773)	(747)	77,141
Interest paid (Note)	-	-	(1,104)	-	(1,104)
Other non-cash changes	-	-	1,104	-	1,104
December 31, 2022	<u>\$ 4,651,483</u>	<u>\$ 527,672</u>	<u>\$ 42,962</u>	<u>\$ 1,711</u>	<u>\$ 5,223,828</u>

	<u>Short-term borrowings</u>	<u>Short-term bills payable</u>	<u>Lease liabilities</u>	<u>Deposits received</u>	<u>Dividends payable</u>	<u>Total</u>
January 1, 2021	\$ 3,193,962	\$ 1,318,768	\$ 83,495	\$ 1,613	\$ -	\$ 4,597,838
Changes in cash flows from financing activities	931,804	(364,040)	(19,760)	(845)	(760,000)	(211,151)
Interest paid (Note)	-	-	(1,531)	-	-	(1,531)
Other non-cash changes	-	-	1,531	-	760,000	761,531
December 31, 2021	<u>\$ 4,125,766</u>	<u>\$ 954,728</u>	<u>\$ 63,735</u>	<u>\$ 2,458</u>	<u>\$ -</u>	<u>\$ 5,146,687</u>

Note: Recorded Cash flows from operating activities.

VII. Related-party transactions

(I) Name and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Shen Yang Construction Co., Ltd. (Shen Yang)	Subsidiary
Shang Yang International Asset Management Co., Ltd. (Shang Yang)	Subsidiary
Che Yang Agricultural Technology Co., Ltd. (Che Yang)	Sub-subsubsidiary
Hanshin Asset Management Co., Ltd. (Hanshin Asset Management)	Other related party
Hanshin Department Store Co., Ltd. (Hanshin Department Store)	Other related party
Chi Hsuan Development Co., Ltd. (Chi Hsuan Development)	Other related party
Grand Hi-Lai Hotel Co., Ltd. (Grand Hi-Lai Hotel)	Other related party
Hi-Lai Foods Co., Ltd. (Hi-Lai Foods)	Other related party
Wei Li International Development Co., Ltd. (Wei Li)	Other related party
Hanshin Shopping Plaza Co., Ltd. (Hanshin Shopping Plaza)	Other related party
Wei Chun International Development Co., Ltd. (Wei Chun)	Other related party
Grand Hi-Lai International Property Management Consulting Co., Ltd. (Grand Hi-Lai International Property)	Other related party
Kaohsiungaquas Co., Ltd. (AQUAS)	Other related party
Ascent Development Co., Ltd. (Ascent)	Other related party
4 individuals including Shao-Hui Peng	Other related party

(II) Major transactions with related parties

1. Operating revenue - income from management services

	<u>2022</u>	<u>2021</u>
Other related party - Wei Li	\$ -	\$ 591
Subsidiary - Shen Yang	10,748	-
	<u>\$ 10,748</u>	<u>\$ 591</u>

2. Operating revenue - rental income

	<u>2022</u>	<u>2021</u>
Subsidiary	\$ 389	\$ 389
Sub-subsidiary	186	186
Other related party	2,076	2,933
	<u>\$ 2,651</u>	<u>\$ 3,508</u>

3. Promotion expenses

	<u>2022</u>	<u>2021</u>
Other related party	\$ 1,175	\$ 1,212

4. Administrative expenses

	<u>2022</u>	<u>2021</u>
Other related party - Hi-Lai Foods	\$ 6,633	\$ 4,268
Other related party - Grand Hi-Lai International Property	1,371	1,371
Other related party - AQUAS	3,931	-
Other related party - Others	867	922
	<u>\$ 12,802</u>	<u>\$ 6,561</u>

5. Expenses for investments in construction

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related party - Others	\$ 6,887	\$ 95

6. Other receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary - Shen Yang	\$ 11,286	\$ 60,975

The aforementioned accounts receivable from related parties consist mainly of the operating management income receivable recognized based on the letter of appointment for operating management signed by the Company for joint development and operation projects, and labor revenue from executing bookkeeping duties on behalf of subsidiaries.

7. Other expenses payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related party - Hi-Lai Foods	\$ 636	\$ 846
Other related party - Grand Hi-Lai Hotel	-	108
	<u>\$ 636</u>	<u>\$ 954</u>

8. Other credit and debt transactions

(1) Refundable deposits

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related party	\$ 24,597	\$ 24,597

(2) Deposits received

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related party	\$ 450	\$ 450

9. Acquisition of financial assets

- (1) The Company participated in the cash capital increase of related parties in 2022 and completed the registration of changes on June 10, 2022, and January 10, 2023, respectively, details on the Company's subscription are as follows:

Account	Number of shares traded	Object of transaction	<u>2022</u> Acquisition price
Non-current financial assets at fair value through other comprehensive income	3,970 thousand shares	Grand Hi-Lai Hotel - stocks	<u>\$ 59,548</u>

- (2) The Company purchased shares from another related party, Wei Chun, on January 28, 2021. The Company has paid for the shares and completed stock transactions. Information on the Group's purchase is as follows:

Account	Number of shares traded	Object of transaction	<u>2021</u> Acquisition price
Investments/affiliates recognized under the equity method	802 thousand shares	Hanshin Department Store - stocks	<u>\$ 22,456</u>

Please refer to Note 6 (3) and Note 6 (7).

10. Related party financing

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related party	\$ 250,432	\$ -

The accounts payable - related party on December 31, 2022 was attributable to the joint operations construction project being developed by the Company having taken out loan from other related party - Hanshin Shopping Plaza Co., Ltd.. Total loan was \$500,000, and the Group recognized 50% of which based on the investment ratio. The aforesaid amount is the principal and interests payable.

11. Endorsements and guarantees

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary - Shen Yang	\$ 522,700	\$ 634,500
Other related party - Wei Li	8,473,922	6,838,730
- Chi Hsuan	93,000	558,000
	<u>\$ 9,089,622</u>	<u>\$ 8,031,230</u>

12. Other

- (1) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Han Lin Development Co., Ltd., Grand Hi-Lai Hotel Co., Ltd., and Hanshin Shopping Plaza Co., Ltd. for 29 plots of land including Plot 895 on Jiangbei Section in Xizhi District, New Taipei City with a total area of 5,551.35 pings on Monday, July 4, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 20% for Wei Li International Development Co., Ltd., 10% for Han Lin Development Co., Ltd., 10% for Grand Hi-Lai Hotel Co., Ltd., and 10% for Hanshin Department Store.
- (2) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Goldshare Investment Corporation, Hanshin Asset Management Co., Ltd., Hanshin Shopping Plaza Co., Ltd., Hsueh-Yong Ltd., and Heng-Rui Development Co., Ltd. for 3 plots of land including Plot 194, 196, and 197 on Longzhong Section, Gushan District, Kaohsiung City with a total area of 4,905.25 pings on Monday, March 21, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 5% for Goldshare Investment Corporation, 10% for Hanshin Asset Management Co., Ltd., 10% for Hanshin Shopping Plaza Co., Ltd., 5% for Hsueh-Yong Ltd., and 5% for Heng-Rui Development Co., Ltd.
- (3) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 9 plots of land including Plot 28 on Zhongxing Section, Sanchong District, New Taipei City with a total area of 1,828.28 pings on July 15, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 15% for Ascent Development Co., Ltd., 10% for Hanshin Asset Management Co., Ltd., and 15% for Grand Hi-Lai Hotel Co., Ltd.
- (4) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Chuwa Wool Industry Co., (Taiwan) Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 4 plots of land including plot 83-1 on Jiuzhong Section, Neihu District, Taipei City with a total area of 2,127.33 pings on November 23, 2020. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies.

- (5) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 19 plots of land including Plot 365 on Zhongyi Section, Tucheng District, New Taipei City with a total area of 5,344.27 pings on January 28, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies. "Grand Hi-Lai Hotel Co., Ltd." later withdrew from the project on June 29, 2021. The shares it previously held were transferred to Hanshin Asset Management Co., Ltd. The investment ratio change became effective on July 1, 2021.
- (6) The Company signed a joint investment and development agreement with "Wei Li" land including plot 24 on Heguan Section, Annan District, Tainan City with a total area of 77,479.53 square meters on June 29, 2012 for joint construction of residential buildings. The parties later signed a letter of appointment for operating management which appointed the Company to take charge of overall development plans, building planning, and construction and sales of residential buildings. "Wei Li" represented the Project externally and executed the Project based on the contract signed with Taiwan Sugar Corporation. Wei Li became the main operator of the Project as well as the company responsible for selling the houses and land (the company issuing the sales invoice) and the company responsible for purchases products or services (the company with input documentary evidence). It is also responsible for the settlement of the project. The parties later signed the "Joint Development Supplementary Agreement" on March 15, 2016 for changing the investment ratio and settlement distribution to 60%, 6%, 1.5%, 4%, 13.5%, 10%, and 5%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", "Crowell Development", and "Han Lin Development". "Crowell Development" later withdrew from the project on July 15, 2019. "Wei Li" and the co-funders signed the "Joint Development Supplementary Agreement" for changing the investment ratio and settlement distribution to 65%, 6%, 1.5%, 4%, 13.5%, and 10%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", and "Han Lin Development".
- (7) The Company signed a joint investment and development contract with Chi Hsuan Development Co., Ltd., and Tsang Shan Development Co., Ltd.

for 14 plots of land including Plot 1381-21 in Zhongzheng District, Keelung City with a total area of 12,520.95 pings, and 1 building No. 7256 in Tiaohe Section, Zhongzheng District, Keelung City with an area of 26.77 pings. According to the contract, the Company serves as the manager of the Project. The investment ratio is 55% for the Company, 30% for Chi Hsuan Development Co., Ltd., and 15% for Tsang Shan Development Co., Ltd.

(III) Key management compensation

The Company's remuneration for Directors and key management:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ <u>31,583</u>	\$ <u>20,776</u>

The remuneration to Directors and other key management is determined by the Remuneration Committee based on personal performance and market trends and submitted to the Board of Directors for resolution.

VIII. Pledged assets

The following assets of the Company have been provided as collateral for bank loans, performance bond, and warranty bond:

<u>Assets</u>	<u>Book value</u>	<u>Book value</u>	<u>Purpose of collateral</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Inventories	\$ 8,467,947	\$ 8,139,182	Short-term borrowings and commercial papers
Other financial assets - current (restricted deposits)	600	1,209	
Property, plant and equipment	17,768	18,026	Trusts and reserve accounts
Investment properties	41,614	42,182	Commercial papers
Other financial assets - non-current (time deposits)	48,335	48,335	Performance guarantee
	<u>\$ 8,576,264</u>	<u>\$ 8,248,934</u>	

IX. Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2022, the total construction contract price between the Company and non-related parties was \$957,039 and the amount that has yet not been included in the estimation was \$819,508.

X. Significant disaster loss

None.

XI. Significant events after the balance sheet date

The appropriations of 2022 earnings were approved by the Board of Directors' meeting on March 14, 2023. Refer to Note 6 (15) for details.

XII. Other

(I) Capital management

The Company implements capital management to ensure sustainable development of the Company maximize the benefit for its shareholders by optimizing debts and equity. The Company's capital structure consists of equity attributable to owners of the Company (i.e., share capital, capital surplus, retained earnings, and other equity interests). In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts. The Company adjusts loan amounts based on the construction progress and the funding required for operations.

(II) Financial instruments

1. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Current financial assets at fair value through profit or loss	\$ 11,830	\$ 14,803
Current financial assets at fair value through other comprehensive income	119,528	309,592
Non-current financial assets at fair value through other comprehensive income	316,658	234,385
	<u>\$ 448,016</u>	<u>\$ 558,780</u>
Financial assets at amortized cost		
Cash and cash equivalents	1,464,782	2,082,508
Notes receivable, net	61,223	50,628
Accounts receivable, net	21,611	453,191
Other receivables	18,914	280,408
Other receivables - related parties	11,286	60,975
Other Financial Assets - Current	600	1,209
Other Financial Assets - Non Current	48,335	48,335
	<u>\$ 1,626,751</u>	<u>\$ 2,977,254</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 4,651,483	\$ 4,125,766
Short-term notes and bills payable	527,672	954,728
Notes payable	67,358	244,653
Accounts payable	184,527	369,164
Other payables - other	452,773	212,621
	<u>\$ 5,883,813</u>	<u>\$ 5,906,932</u>
<u>Lease liabilities</u>	<u>\$ 42,962</u>	<u>\$ 63,735</u>

2. Risk management policy

The objective of the Company's financial risk management is to manage the market risks, credit risks, and liquidity risks related to operating activities. The Company conducts the identification, valuation, and management of the aforementioned risks based on its policies and risk preferences.

The Company has set up appropriate policies, procedures, and internal control for the aforementioned financial risk management based on relevant standards. Significant financing activities must be reviewed by the Board of Directors in accordance with relevant standards and the internal control system. During implementations of financial management activities, the Company shall strictly abide by the regulations established for financial risk management.

3. Significant financial risks and degree of financial risks

(1) Market risks

Foreign exchange risks

The Company's main operating activities are in Taiwan and the main currency is the NTD. The impact of exchange rate fluctuations is minimal and we therefore expect no significant exchange rate risks.

Price risks

- A. The Company's equity instruments exposed to price risks are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risks of investments in equity instruments, the Company diversifies its investment portfolio in accordance with the limits set by the Company.
- B. The Company's main investments consist of equity instruments issued by domestic companies and open-ended funds. The prices of such equity instruments are affected by the uncertainty of the future value of underlying investments. If the price of such equity instruments rises or falls by 1% and all other factors remain constant, the net profit after tax as a result of the profit or loss in the equity tools measured at fair value in 2022 and 2021 will increase or decrease by \$118 and \$148, respectively. The gain or loss on equity investments classified as equity instruments in other comprehensive income measured at fair value through profit and loss will increase or decrease by \$1,195 and \$3,096, respectively.

Interest rate risk for cash flow and fair value

- A. The Company's interest rate risks mainly arise from short-term borrowings and short-term notes and bills payable. Borrowings at floating rates expose the Company to cash flow interest rate risks, which are partially offset by cash held at floating rates. Borrowings at fixed rates expose the Company to fair value interest rate risks. In 2022 and 2021, the Company's loans calculated based on floating interest rates were calculated in NTD.
- B. The Company simulates various plans and analyzes interest rate risks, including considering plans for refinancing or renewal of existing positions and other available financing plans to calculate the impact of specific changes interest rates on profit or loss.
- C. If all other factors remain constant, the maximum impact of a 1% change in interest rates on financial costs in 2022 and 2021 would result in an increase or decrease of \$51,792 and \$50,805, respectively.

(2) Credit risks

- A. The Company's credit risks refer to the risks of financial loss to the Company arising from default by the clients or counterparties of financial instruments. The risks are mainly derived from the counterparty's failure to settle the accounts receivable based on payment collection terms.
- B. The Company establishes credit risk management from the perspective of the Company. The Company has set a minimum independent credit rating of "A" for banks and financial institutions before they can be accepted as transaction counterparties.
- C. The Company's main business activities are the lease and sales of residential buildings, industrial plants, and commercial buildings. Revenue from the sale of properties is recognized upon the full payment of the contract price, the completion of the transfer of ownership, and the actual delivery of the properties. Therefore, the amount of accounts receivable arising from the sale of properties is considered insignificant and the possibility of non-recovery is low. The Company manages receivables in special transactions on an individual basis and tracks such receivables on a regular basis. The amount of the Company's assessed credit impairment losses as of December 31, 2022 and 2021 was insignificant.
- D. As of December 31, 2022 and 2021, there were no debts with recourse that were written off.

(3) Liquidity risks

- A. Cash flow forecasting is performed by each Company department and aggregated by the Company treasury. The Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.

B. The Company's non-derivative financial liabilities are grouped in the table below based on the maturity date and analyzed based on the remaining period at the balance sheet date to the contractual maturity date. The amount of undiscounted contract cash flows of notes payable and other payables is approximately equal to their carrying amounts and is due within one year. The amount of undiscounted contractual cash flows for other financial liabilities is described in the following table:

Non-derivative financial liabilities:

December 31, 2022	<u>Within 1 year</u>	<u>1 to 3 years</u>	<u>3 years or above</u>
Short-term borrowings	\$ 620,234	\$ 203,214	\$ 4,178,178
Short-term notes and bills payable	528,500	-	-
Accounts payable	171,551	-	12,976
Lease liabilities	21,917	21,917	-

Non-derivative financial liabilities:

December 31, 2021	<u>Within 1 year</u>	<u>1 to 3 years</u>	<u>3 years or above</u>
Short-term borrowings	\$ 1,387,880	\$ 1,437,312	\$ 1,512,447
Short-term notes and bills payable	955,340	-	-
Accounts payable	369,164	-	-
Lease liabilities	21,917	43,833	-

(III) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quotation (unadjusted) of the same asset or liability from an active market can be obtained on the measurement date. An active market refers to a market in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on a continuous basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

2. Please refer to Note 6 (9) for information on the fair value of investment properties carried at cost.

3. The carrying amount of financial instruments not carried at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets - current, refundable deposits, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, and deposit received, are reasonable approximations of the

fair value.

4. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

- (1) The information on the Company's classification of assets by nature is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2022</u>				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ 11,830	\$ -	\$ -	\$ 11,830
Current financial assets at fair value through other comprehensive income	\$ 119,528	\$ -	\$ -	\$ 119,528
Non-current financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 316,658	\$ 316,658
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2021</u>				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ 14,803	\$ -	\$ -	\$ 14,803
Current financial assets at fair value through other comprehensive income	\$ 309,592	\$ -	\$ -	\$ 309,592
Non-current financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ 234,385	\$ 234,385

(2) The methods and assumptions that the Company used to measure the fair value are as follows:

A. The instruments for which the Company used market quoted prices as their fair values (i.e., Level 1) are divided by the characteristics of the instruments as follows:

Market quoted price	<u>Listed stocks</u> Closing price	<u>Open-end funds</u> Net worth
---------------------	---------------------------------------	------------------------------------

B. Except for the financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

5. There was no transfer between Level 1 and Level 2 in the Company in 2022 and 2021.

6. The Level-3 movements for 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
January 1	\$ 234,385	\$ 800,164
Acquired in the current period	59,548	-
Disposed in the current period	-	(278,470)
Valuation adjustment	<u>22,725</u>	<u>(287,309)</u>
December 31	<u>\$ 316,658</u>	<u>\$ 234,385</u>

7. An independent appraiser appointed by the Company is in charge of valuation procedures for fair value measurements being categorized within Level 3. The appraiser submits a valuation report for the Finance Department to perform the fair value verification of financial instruments to ensure that the source of data is independent, reliable, and represented as the exercisable price.

8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value as of December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservabl e input</u>	<u>Range (Weighted average)</u>	<u>Relationship between inputs and fair value</u>
Equity instruments: Non-listed stocks	<u>\$ 296,254</u>	Comparable public company analysis	Product of the number of shares multiplied by value	0.44~8.06	The higher the product of the number of shares multiplied by value, the higher the fair value
	<u>\$ 20,404</u>	Net asset value approach	Discount for lack of marketability	20.31%~30.00%	The higher the discount for lack of marketability, the lower the fair value
			Not applicable	Not applicable	The higher the net asset value, the higher the fair value
	<u>Fair value as of December 31, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservabl e input</u>	<u>Range (Weighted average)</u>	<u>Relationship between inputs and fair value</u>
Equity instruments: Non-listed stocks	<u>\$ 214,106</u>	Comparable public company analysis	Product of the number of shares multiplied by value	0.52~4.22	The higher the product of the number of shares multiplied by value, the higher the fair value
	<u>\$ 20,279</u>	Net asset value approach	Discount for lack of marketability	21.27%~30.00%	The higher the discount for lack of marketability, the lower the fair value
			Not applicable	Not applicable	The higher the net asset value, the higher the fair value

(IV) Other matters

Due to the outbreak of the COVID-19 pandemic in 2022 and 2021, the Company has supported multiple epidemic prevention measures implemented by the government. While the construction period and handover of certain projects were affected due to delays in government administrative operations in 2021, all other projects that were completed or not yet completed were all handed over normally or proceeding based on the schedule. As the Company has sufficient working capital and the payment collection of sold projects remained normal, the operations of the Group were also functioning normally. According to assessments, the outbreak of the COVID-19 pandemic did not have a significant impact to the Company's financial position and financial performance in 2022 and 2021.

XIII. Supplementary disclosures

(I) Significant transactions information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Table 1.
3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 2.

4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Table 3.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
9. Trading in derivatives: None.
10. The business relationship and significant transactions between the parent company and its subsidiaries: Please refer to Table 4.

(II) Information on investees

Names, locations and other information of investee companies (excluding the investees in Mainland China): Please refer to Table 5.

(III) Information on investments in Mainland China

1. Basic information: Please refer to Table 6.
2. Significant transactions with the investees in Mainland China either directly or indirectly through other companies in the third areas: Please refer to Table 6.

(IV) Information on major shareholders

Information on major shareholders: Please refer to Table 7.

XIV. Segment information

Not applicable.

Kuo Yang Construction Co., Ltd.
Statement of Inventories
December 31, 2022

Unit: NT\$1,000

Item	Amount		Remarks
	Cost	Market price (Note)	
Houses and land held for sale	\$ 1,688,082	\$ 1,773,493	
Minus: Allowance for price decline	(241,142)		
	<u>\$ 1,446,940</u>		
Houses and land under construction			
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	33,246	33,246	
Good morning, Kuo Yang Project Phase 2 (Keelung Tiaohe Section Project)	327,135	327,135	
Kuo Yang Intercontinental Project (Formerly Neihu Jiuzong Section)	1,913,082	1,913,082	
Kuo Yang Jilin Project (Formerly Jilin Urban Renewal Project)	179,595	179,595	
	<u>2,453,058</u>	<u>2,453,058</u>	
Minus: Allowance for price decline	<u>-</u>		
	<u>2,453,058</u>		
Land for construction			
Zhudong Section	251,872	113,816	
Minquan East Road Project	273,821	246,820	
Jingmei Section	40,174	34,260	
Kaohsiung Yunwen Section	108,170	108,170	
Tucheng Section	1,240,546	1,240,546	
Kuo Yang Digital (formerly Sanchong Project)	1,242,518	1,242,518	
Kaohsiung Gushan Project	1,429,195	1,429,195	
Guowang Xiwan Road Project	1,006,094	1,006,094	
Other	59,960	59,960	
	<u>5,652,350</u>	<u>5,481,379</u>	
Minus: Allowance for price decline	<u>(170,971)</u>		
	<u>5,481,379</u>		
Prepayments for houses and land and others			
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	354,076	354,076	
Total	<u>\$ 9,735,453</u>	<u>\$ 10,062,006</u>	

Note: Due to the nature of the construction industry, the market value of land under construction and land awaiting construction specified as the cost or net realizable value, whichever is lower.

Kuo Yang Construction Co., Ltd.
Statement of Changes in Houses and Land under Construction
From Saturday, January 1, 2022 to Saturday, December 31, 2022

Unit: NT\$1,000

Project name	Opening balance	Increase in current period		Transfer in current period			Decreases in current period		Ending balance	Remarks
		Investment cost	Capitalized interest	Land awaiting construction	Inward transfer from land	Sold in this period	Outward transfer after construction completion	Recognition of impairment		
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	\$ 43,940	\$ 9,398	\$ -	\$ -	\$ -	\$ -	(\$ 20,092)	\$ 33,246	None	
Good morning, Kuo Yang Project Phase 2 (Keelung Tiaohe Section Project)	318,249	5,229	3,657	-	-	-	-	327,135	Loan collateral already provided	
Kuo Yang Intercontinental Project (Formerly Neihu Jiuzong Section)	1,596,699	289,239	27,144	-	-	-	-	1,913,082	"	
Kuo Yang Jilin Project (Formerly Jilin Urban Renewal Project)	-	31,414	-	148,181	-	-	-	179,595	None	
	<u>\$ 1,958,888</u>	<u>\$ 335,280</u>	<u>\$ 30,801</u>	<u>\$ 148,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 20,092)</u>	<u>\$ 2,453,058</u>		

Kuo Yang Construction Co., Ltd.
Statement of Changes in Investments Accounted for Using Equity Method
From Saturday, January 1, 2022 to Saturday, December 31, 2022

Unit: NT\$1,000

Name	Opening balance		Increase in current period		Decrease in current period		Other adjustments	Ending balance		Net equity		Provision of collateral or pledges	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	(Note)	Number of shares	Shareholding ratio	Amount	Unit price (NTD)		Total price
Shen Yang Construction Co., Ltd.	160,000,000	\$ 1,535,932	-	\$ 235,185	-	\$ -	(\$ 156,583)	160,000,000	100%	\$ 1,614,534	\$ 10.12	\$ 1,618,960	None
Shang Yang International Asset Management Co., Ltd.	61,800,000	649,447	-	(490)	-	-	(1,797)	61,800,000	100%	647,160	10.47	647,160	None
Star Epoch International Co., Ltd.	-	-	24,000,000	240,098	-	-	-	24,000,000	80%	240,098	10.00	240,112	None
Shadwell Limited	200,000	2,140	-	(60)	-	-	309	200,000	100%	2,389	11.56	2,311	None
Hanshin Shopping Plaza Co., Ltd.	10,005,000	898,024	-	194,785	-	(100,050)	(52,004)	10,005,000	20%	940,755	38.01	380,319	None
Sweet Me Hot Spring Resort Co., Ltd.	2,200,000	11,775	-	(563)	-	-	-	2,200,000	20%	11,212	4.93	10,852	None
		<u>\$ 3,097,318</u>		<u>\$ 668,955</u>		<u>(\$ 100,050)</u>	<u>(\$ 210,075)</u>			<u>\$ 3,456,148</u>			

Note: Other adjustments represent translation differences in the financial statements of foreign operations and valuation adjustments on financial assets at fair value through other comprehensive income.

Kuo Yang Construction Co., Ltd.
Statement of Short-term Notes and Bills Payable
December 31, 2022

Unit: NT\$1,000

Item	Financial institution	Contract period	Coupon rate	Amount			Collateral
				Issuance amount	Unamortized short-term notes And bills payable	Book value	
Commercial payable	China Bills Finance	2022/11/11- 2023/2/9	1.320%	\$ 107,000(\$	155)	\$ 106,845	Houses and land held for sale
		2022/12/9- 2023/2/7	1.300%	187,200(247)	186,953	"
	International Bills Finance	2022/11/11- 2023/2/9	1.662%	234,300(426)	233,874	"
				<u>\$ 528,500(</u>	<u>\$828)</u>	<u>\$ 527,672</u>	

Kuo Yang Construction Co., Ltd.
Statement of Operating Revenue
From Saturday, January 1, 2022 to Saturday, December 31, 2022

Unit: NT\$1,000

Item	Summary	Amount
Revenue from sale of properties		
Revenue from land		\$ 1,270,695
Revenue from houses		1,816,687
Other		21,257
Sales discount		(7,165)
		3,101,474
Rental income		10,089
		\$ 3,111,563

Kuo Yang Construction Co., Ltd.
Statement of Operating Cost
From Saturday, January 1, 2022 to Saturday, December 31, 2022

Unit: NT\$1,000

Item	Amount	
	Subtotal	Total
Opening inventory		
Houses and land held for sale	\$ 4,340,162	
Houses and land under construction	1,958,888	
Land for construction	3,064,634	
Prepayments for land and others	<u>354,076</u>	\$ 9,717,760
Plus: Purchases in this period		2,963,648
Expenses for investments in construction in the current period		74,140
Decorations in this period		42,725
Interest capitalization		78,364
Cost of leases		1,148
Operation and management service fees		49,066
Other		-
Minus: Closing inventory		
Houses and land held for sale	(1,688,082)	
Houses and land under construction	(2,453,058)	
Land for construction	(5,652,350)	
Prepayments for houses and land and others	<u>(354,076)</u>	(10,147,566)
Allowance for price decline (gain on recovery)		<u>(194,214)</u>
Construction cost		<u>\$ 2,585,071</u>

Kuo Yang Construction Co., Ltd.
Statement of Operating Expenses
From Saturday, January 1, 2022 to Saturday, December 31, 2022

Unit: NT\$1,000

<u>Item</u>	<u>Amount</u>	<u>Remarks</u>
<u>Promotion expenses</u>		
Transferred deferred promotion expenses recognized based on full completion	\$ 78,506	
Advertising expenses	3,914	
Sales expenses	1,569	
Administrative expenses	19,387	
Other expenses	11,923	
	<u>115,299</u>	
<u>Administrative expenses</u>		
Salary expenses	78,412	
Tax	13,573	
Rent expenditures	1,397	
Insurance premiums	7,386	
Professional service expenses	14,132	
Other expenses	191,711	
	<u>306,611</u>	
Total	<u>\$ 421,910</u>	

Kuo Yang Construction Co., Ltd.

Summary Table of Employee Benefit, Depreciation, Depletion and Amortization Expenses for the
Current Year

From Saturday, January 1, 2022 to Saturday, December 31, 2022

Unit: NT\$1,000

	2022			2021		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses						
Salary expenses	\$ -	\$ 90,462	\$ 90,462	\$ -	\$ 80,846	\$ 80,846
Labor and health insurance fees	-	7,386	7,386	-	6,558	6,558
Pension expenses	-	3,482	3,482	-	3,228	3,228
Remuneration for Directors	-	14,271	14,271	-	9,253	9,253
Other employee benefit expenses	-	4,009	4,009	-	7,487	7,487
	<u>\$ -</u>	<u>\$ 119,610</u>	<u>\$ 119,610</u>	<u>\$ -</u>	<u>\$ 107,372</u>	<u>\$ 107,372</u>
Depreciation	<u>\$ -</u>	<u>\$ 24,453</u>	<u>\$ 24,453</u>	<u>\$ -</u>	<u>\$ 24,523</u>	<u>\$ 24,523</u>
Deduction expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amortization cost	<u>\$ -</u>	<u>\$ 542</u>	<u>\$ 542</u>	<u>\$ -</u>	<u>\$ 234</u>	<u>\$ 234</u>

1. As of December 31, 2022 and 2021, the Company's average number of employees were 78 and 73, respectively. There were 8 and 8 Directors who do not serve concurrently as employees.
2. The Company discloses the following information in accordance with the table above:
 - (1) The average employee benefit expenses in 2022 and 2021 amounted to \$1,505 and \$1,510, respectively.
 - (2) The average employee salary expenses in 2022 and 2021 amounted to \$1,292 and \$1,244 respectively.
 - (3) The adjustment of the average employee salary expenses in 2022 was 3.86%.
3. The Company's salary policy is as follows:
 - (1) Remuneration for Directors: The Board of Directors is authorized to determine the remuneration paid to Directors based on their participation in the Company's operations, the value of their contributions, and prevailing rates in the industry.
 - (2) Manager: The Company pays reasonable compensation to the manager based on his/her rank, position, experience, local living standard, consumer price index, contribution to the Company, and team leadership skills.
 - (3) Employees: The remuneration for employees includes fixed salaries and bonuses. The fixed salary is paid each month and bonuses include the year-end bonuses, employees' remuneration, and bonuses for Dragon Boat Festival and Mid-Autumn Festival.
 - (a) Fixed salary: The fixed salary is based on the individual's key core competencies and professional skills, and is paid based on the rank, position, and experience specified in the "Rank and Salary Range Table".
 - (b) Year-end bonus: The year-end bonus is based on the Company's business operations and performance in the current year and is calculated on an annual basis.
 - (c) Employees' remuneration: In the event of profit in the year, the Company shall appropriate 0.5% to 5% of the pre-tax earnings (excluding remuneration for Directors and employees) as remuneration for employees. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses. The remuneration for employees is determined by the Board of Directors which shall resolve to distribute the remuneration in stocks or cash.
4. The Company has established an Audit Committee and therefore does not pay remuneration to supervisors.

Kuo Yang Construction Co., Ltd.
Provision of endorsements and guarantees to others
January 1 to December 31, 2022

Table 1

Unit: NT\$1,000
(Unless specified otherwise)

No. of guarantee (Note 1)	Name of Company	Entity for which the endorsement/guarantee is made Company name	Relationship (Note 2)	Limit on endorsements/guarantees to a single enterprise (Note 3)	Maximum outstanding balance of endorsements/guarantees during the current period (Note 4)	Ending balance of endorsements/guarantees (Note 5)	Actual amount drawn down (Note 6)	Endorsed/Guaranteed amount with property as collateral	Cumulative endorsed/guaranteed amount as a percentage of the net value in the most recent financial statements	Maximum endorsed/guaranteed amount (Note 3)	Endorsements and guarantees for entities in Mainland China (Note 7)			Remarks
											Parent company to subsidiary (Note 7)	Subsidiary to parent company (Note 7)	Entities in Mainland China (Note 7)	
0	Kuo Yang Construction Co., Ltd.	Wei Li International Development Co., Ltd.	5	\$ 19,019,154	\$ 11,790,452	\$ 8,473,922	\$ 7,554,969	\$ -	89.11%	\$ 38,038,308	N	N	N	
0	"	Tsang Shan Development Co., Ltd.	5	19,019,154	279,000	46,500	46,500	-	0.49%	38,038,308	N	N	N	
0	"	Chi Hsuan Development Co., Ltd.	5	19,019,154	558,000	93,000	93,000	-	0.98%	38,038,308	N	N	N	
0	"	Shen Yang Construction Co., Ltd.	2	19,019,154	827,200	522,700	30,000	-	5.50%	38,038,308	Y	N	N	
0	"	Ta Yuan Construction Co., Ltd.	5	19,019,154	202,616	-	-	-	0.00%	38,038,308	N	N	N	
1	Shen Yang Construction Co., Ltd.	Chi Yang Construction Co., Ltd.	2	3,237,920	2,282,500	2,282,500	111,300	-	140.99%	6,475,840	N	N	N	
1	"	Tsang Hsin Construction Co., Ltd.	5	3,237,920	953,500	949,450	378,000	-	58.65%	6,475,840	N	N	N	

Note 1: The explanation for filling out numbers is as follows: 1. The issuer shall fill out numbers of 02. Investees are numbered in order starting from "1".

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following six categories (simply specify the respective category):

1. Companies in a business relationship with the Company.
2. Subsidiaries in which the Company directly holds more than 50% of its total outstanding ordinary shares.

3. Investees in which parent company and subsidiary hold more than 50% of total outstanding ordinary shares combined.
4. Parent company in which the Company directly or indirectly (along with subsidiary) holds more than 50% of its total outstanding ordinary shares.
5. Companies providing mutual endorsements/guarantees for industry peers for purposes of undertaking a construction project.
6. Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: The procedures in which the Company provides endorsements/guarantees for others, the maximum endorsements/guarantees for each entity, and the total limit of endorsements/guarantees shall be filled in. The individual entity receiving endorsements/guarantees and the calculation method for the total limit amount shall be specified in the "Remarks" column.

1. The total endorsements and guarantees provided by the Company shall not exceed the net value of the Company's most recent financial statements; the endorsements and guarantees provided for an individual enterprise may not exceed 20% of the net value of the Company's most recent financial statements.
2. Where the Company fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, the restrictions in the preceding paragraph shall not apply and the endorsements and guarantees can still be provided. However, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.
3. Where Shen Yang Construction fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.

Note 4: Highest balance of endorsements/guarantees to others for the year.

Note 5: Endorsement/guarantee liabilities are assumed when the amount of the endorsement/guarantee contracts or bills signed with the bank by the Company is approved as of the end of the year. Other matters related to endorsements/guarantees shall be included in the endorsement/guarantee balance.

Note 6: Enter the actual amount drawn down by the companies for which the endorsements/guarantees are made within the range of endorsement/guarantee balance.

Note 7: Endorsements/guarantees made by TWSE/TPEX listed parent company for subsidiary, endorsements/guarantees made by subsidiary for TWSE/TPEX listed parent company, and endorsements/guarantees made in Mainland China are must be indicated with "Y".

Kuo Yang Construction Co., Ltd.
Holding of marketable securities at the end of the period
(Excluding investment in subsidiaries, affiliates and joint ventures)
December 31, 2022

Table 2

Unit: NT\$1,000
(Unless specified
otherwise)

Securities held by	Type and name of marketable securities	Relationship with securities issuer	General ledger account	End of period				Remarks
				Number of shares	Carrying amount	Shareholding ratio	Fair value	
Kuo Yang Construction Co., Ltd.	Nomura Global High Yield Bond Fund	None	Current financial assets at fair value through profit or loss	689,047	\$ 4,154	-	\$ 4,154	
"	TCB Global Healthcare M-A Income Fund	None	"	1,000,000	7,676	-	7,676	
Shang Yang International Asset Management Co., Ltd.	O-Bank No. 1 Real Estate Investment Trust	None	"	617,000	5,134	-	5,134	
					<u>\$ 16,964</u>		<u>\$ 16,964</u>	
Kuo Yang Construction Co., Ltd.	Non-listed stocks - Tai Ho Construction Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	2,400,000	\$ -	17.14%	\$ -	
Celestial Talent Limited	Cultivate Wealth Limited	None	"	20.1	-	0.11%	-	
					<u>\$ -</u>		<u>\$ -</u>	
Kuo Yang Construction Co., Ltd.	Listed stocks - Ascent Development Co., Ltd.	Note 4	Current financial assets at fair value through other comprehensive income	3,108,000	\$ 64,491	3.38%	\$ 64,491	
"	Hi-Lai Foods Co., Ltd.	"	"	332,237	43,025	0.78%	43,025	
"	Hsin Kuang Steel Co., Ltd.	None	"	430,000	12,012	0.09%	12,012	
Shen Yang Construction Co., Ltd.	Listed stocks - Hi-Lai Foods Co., Ltd.	Note 4	"	22,149	2,868	0.05%	2,868	
"	China Development Financial Holding Co., Ltd.	None	"	4,000,000	50,400	0.02%	50,400	
"	Taiwan Cement Corporation	None	"	2,808,116	94,492	0.04%	94,492	
"	United Microelectronics Corporation	None	"	400,000	16,280	0.00%	16,280	
"	Co-Tech Development Corp.	None	"	800,000	40,000	0.32%	40,000	
"	Taiwan Semiconductor Manufacturing Co., Ltd.	None	"	135,000	60,548	0.00%	60,548	
"	AUO Corporation	None	"	800,000	12,000	0.01%	12,000	
"	Nan Ya Plastics Corporation	None	"	20,000	1,420	0.00%	1,420	
"	GlobalWafers Co., Ltd	None	"	45,000	19,238	0.01%	19,238	
"	C.C.P. Contact Probes Co., Ltd.	None	"	400,000	16,740	0.41%	16,740	
					<u>\$ 433,514</u>		<u>\$ 433,514</u>	
Kuo Yang Construction Co., Ltd.	Non-listed stocks - United Real Estate Management Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1,494,794	\$ 20,404	4.43%	\$ 20,404	
"	Hanshin Asset Management Co., Ltd.	Note 4	"	4,946,472	148,295	2.29%	148,295	
"	Grand Hi-Lai Hotel Co., Ltd.	"	"	4,960,081	147,959	16.53%	147,959	

Shen Yang Construction Co., Ltd.	Unlisted stocks - Han Chi Technology Co., Ltd.	"	"	450,000	6,300	9.00%	6,300
Shang Yang International Asset Management Co., Ltd.	Non-listed stocks -Kaohsiung Arena Development Corporation	"	"	12,500,000	156,126	5.00%	156,126
"	SE Security Corp.	None	"	1,526,170	25,882	15.26%	25,882
					<u>\$ 504,966</u>		<u>\$ 504,966</u>

Note 1: Leave the column blank if the issuer of marketable securities is non-related party.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 4: The securities issuer is an affiliate of the Group.

Kuo Yang Construction Co., Ltd.
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
January 1 to December 31, 2022

Table 3

Unit: NT\$1,000
(Unless specified otherwise)

Company that acquired real property	Name of property	Transaction date	Transaction		Transaction counterparty	Relationship	Prior transaction of related counterparty				Basis of reference for price determination	Purpose of acquisition and status	
			amount	Payment status			Owner	Relationship with issuer	Transfer date	Amount		of usage	Miscellaneous
Kuo Yang Construction Co., Ltd.	Inventories - land awaiting construction (Land on Longzhong Section, Gushan District, Kaoshiung City)	2022/3/21	\$ 1,296,265	\$ 1,296,265	Three persons including Person C	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from Zhe Yu Real Estate Appraisers Firm	Land for construction	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - land awaiting construction (Land on Jiangbei Section, Xizhi District, New Taipei City)	2022/7/4	\$ 971,486	\$ 971,486	Tung Kang Industrial Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from Zhe Yu Real Estate Appraisers Firm	Land for construction	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - construction-in-progress (New construction project in Jiuzhong Section, Neihu District, Taipei City)	2022/11/5	\$ 849,381	\$ 54,346	Chin Hsieh Hsing Construction Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from He Yang Real Estate Appraisers Firm	Construction of factory and office building for sale	Not applicable
Shen Yang Construction Co., Ltd.	Inventories - land awaiting construction (Land on Zhongyuan	2022/8/8	\$ 502,488	\$ 502,488	Twenty-one persons including Person T	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from Zhe Yu Real Estate Appraisers Firm	Land for construction	Not applicable

Section, Zhonghe
District, New
Taipei City)

Note 1: Where an appraisal is required for an acquired asset, specify the appraisal results in the "reference for price determination".

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT\$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.

Note 3: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board meeting resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

Kuo Yang Construction Co., Ltd. and Subsidiaries
The business relationship and significant transactions between the parent company and its subsidiaries
January 1 to December 31, 2022

Table 4

Unit: NT\$1,000

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction status			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Other receivables - related parties	\$ 11,286	Note 4	0.07%
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Other income	10,748	Note 4	0.27%
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Rental/leasing revenue	203	Note 4	0.01%
0	Kuo Yang Construction Co., Ltd.	Shang Yang International Asset Management Co., Ltd.	1	Rental/leasing revenue	186	Note 4	0.00%
0	Kuo Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	1	Rental/leasing revenue	186	Note 4	0.00%
1	Shang Yang International Asset Management Co., Ltd.	Shadwell Limited.	3	Interest payable	425	Note 4	0.00%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is "0".
2. The subsidiaries are numbered in order starting from "1".

Note 2: Relationships are categorized into the following three types. Please specify the type:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: There is no major difference in transaction conditions between sales between parent company and subsidiaries and regular sales, other transaction conditions for other trades have no relevant examples to follow and the transaction conditions are determined in accordance with mutual agreements.

Kuo Yang Construction Co., Ltd.
Names, locations and other information of investee companies
(Excluding the investees in Mainland China)
January 1 to December 31, 2022

Table 5

Unit: NT\$1,000
(Unless specified otherwise)

Name of investment company	Investee	Location	Main business activities	Initial investment amount		Holdings at the end of period			Net profit (loss) of investee for the current period	Investment income (loss) recognized by the Company for the current period	Remarks
				End of the period	End of last year	Number of shares	Percent age	Carrying amount			
Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	Taiwan	Real estate investment, development, and rental and leasing	\$ 1,600,000	\$ 1,600,000	160,000,000	100%	\$ 1,614,543	\$ 213,755	\$ 235,185	Subsidiary (Note 2)
"	Shang Yang International Asset Management Co., Ltd.	Taiwan	Residence and buildings lease construction and development	631,098	631,098	61,800,000	100%	647,160	(490)	(490)	Subsidiary (Note 2)
"	Star Epoch International Co., Ltd.	Taiwan	Residence and buildings lease construction and development	240,000	-	24,000,000	80%	240,098	140	98	Subsidiary (Note 2)
"	Shadwell Limited	British Virgin Islands	Investment in real estate property	4,742	4,742	200,000	100%	2,389	(61)	(60)	Subsidiary (Note 2)
"	Hanshin Shopping Plaza Co., Ltd.	Taiwan	Department store	480,000	480,000	10,005,000	20%	940,755	1,092,767	194,785	Affiliate enterprise
"	Sweet Me Hot Spring Resort Co., Ltd.	Taiwan	General hotel industry and restaurant management	22,000	22,000	2,200,000	20%	11,212	(4,853)	(563)	Affiliate enterprise
Shen Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	Taiwan	Horticulture services and afforestation	2,500	2,500	250,000	100%	1,207	(255)	(255)	Subsidiary (Note 2)
"	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	176,000	136,000	17,600,000	80%	175,496	(191)	(153)	Subsidiary (Note 2)
Shang Yang International Asset Management Co., Ltd.	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	31,500	31,500	3,150,000	45%	34,438	(61)	(14)	Affiliate enterprise

"	Century Rainbow Limited	Seychelles	Investment company	114,456 (USD 3,727 thousand)	114,456 (USD 3,727 thousand)	2,718,138	100%	763	25	25	Sub- subsidiar y (Note 1, 2)
Century Rainbow Limited	Celestial Talent Limited	Seychelles	Investment company	83,746 (USD 2,727 thousand)	83,746 (USD 2,727 thousand)	1,988,828	100%	(102)	-	-	Sub- subsidiar y (Note 1, 2)
Century Rainbow Limited	Charm Merit Limited	Hong Kong	Investment company	30,710 (USD 1,000 thousand)	30,710 (USD 1,000 thousand)	1,000,000	100%	943	25	25	Sub- subsidiar y (Note 1, 2)
Charm Merit Limited	Good Fame Limited	Samoa	Investment company	30,710 (USD 1,000 thousand)	30,710 (USD 1,000 thousand)	1,000,000	40%	1,018	62	11	Affiliate enterpris e (Note 1)

Note 1: Calculated based on the exchange rate of the foreign currency on December 31, 2022.

Note 2: All the transactions were consolidated and written off in the preparation of the consolidated financial statements.

Kuo Yang Construction Co., Ltd.
Information on investments in Mainland China - basic information
January 1 to December 31, 2022

Table 6

Unit: NT\$1,000
(Unless specified otherwise)

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Opening balance of accumulated fund transfer from Taiwan	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period		Ending balance of accumulated fund transfer from Taiwan	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognized by the Company in the current period (Note 2 (2). C)	Ending investment book value	Investment revenue transferred back to Taiwan as of the end of the period	Remarks
					Remitted to Mainland China	Remitted back to Taiwan							
Guopan Investment Consultancy Co., Ltd.	Business investment consulting and enterprise management consulting	\$ 92,130 (USD 3,000 thousand)	(2)	\$ 30,710 (USD 1,000 thousand)	\$ -	\$ -	\$ 30,710 (USD 1,000 thousand)	(\$ 1,484)	40%	\$ 25	\$ 1,097	\$ -	

Company name	Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		Upper limit on investment authorized by MOEAIC
The Company	\$ 30,710 (USD 1,000 thousand)		30,710	5,768,087

Note 1: The methods for engaging in investment in Mainland China are categorized into the following three types. Please specify the type:

- (1) The Company remits its own funds directly to the investee companies located in Mainland China.
- (2) The Company invests in Mainland China through a company in a third region. The Company invests in Good Fame Limited which invests in Guopan Investment Consultancy Co., Ltd.

(3) Other methods.

Note 2: Investment income (loss) recognized by the Company in the current period:

(1) If the company is in preparation status and no investment loss and profit has occurred, it shall be noted.

(2) The three types of recognition of income on investment are as follows shall be noted.

A. Certified financial report audited by CPA firms in the Republic of China which have partnership with international CPA firms.

B. Financial report audited by CPA firm of Taiwan's parent company.

C. Others - Evaluations and disclosures of financial reports audited by the CPA.

Note 3: Related numbers in this table shall be expressed in NTD.

Kuo Yang Construction Co., Ltd.
Information on major shareholders
December 31, 2022

Table 7

Shareholder's name	Shares	
	Number of shares held	Shareholding ratio
Han Shen Investment Co., Ltd.	35,985,223	9.46%
Chung Shen Development Co., Ltd.	27,709,048	7.29%
Morta Enterprise Co., Ltd.	24,795,785	6.52%
Cheng Chi Co., Ltd.	23,124,570	6.08%
Han Chung Global Investment Co., Ltd.	20,205,488	5.31%

Note: The preceding information is provided by Taiwan Depository & Clearing Corporation (TDCC).

VI. Impact on the Company's financial status due to financial difficulties experienced by the Company and its affiliates during the last fiscal year up to the publication date of the Annual Report: None

Chapter 7 Review, Analysis, and Risks of Financial Conditions and Performance

I. Financial Conditions:

Unit: NT\$1,000

Item	Year	2022	2021	Difference	
				Amount	%
Current assets		14,641,622	15,242,832	(601,210)	(3.94%)
Non-current financial assets at fair value through other comprehensive income		504,966	426,132	78,834	18.50%
Investments recognized under the equity method		987,423	971,832	15,591	1.60%
Property, plant and equipment		73,731	78,942	(5,211)	(6.60%)
Right-of-use assets		40,053	61,412	(21,359)	(34.78%)
Other assets		528,342	568,425	(40,083)	(7.05%)
Total assets		16,776,137	17,349,575	(573,438)	(3.31%)
Current liabilities		7,137,392	8,038,095	(900,703)	(11.21%)
Non-current liabilities		25,266	48,166	(22,900)	(47.54%)
Total liabilities		7,162,658	8,086,261	(923,603)	(11.42%)
Equity attributable to owners of parent company		9,509,577	9,229,402	280,175	3.04%
Share capital		3,800,000	3,800,000	-	-
Capital surplus		627,683	627,683	-	-
Retained earnings		5,220,126	4,811,736	408,390	8.49%
Other equity		(138,232)	(10,017)	(128,215)	(1,279.97%)
Non-controlling interest		103,902	33,912	69,990	206.39%
Total equity		9,613,479	9,263,314	350,165	3.78%

The Company shall describe the main reasons and impact of any material change in the company's assets, liabilities, or shareholders' equity during the past two fiscal years (changes that exceed 20% between periods and a value of NT\$10 million) and future response plans.

I. Main reasons and impact of any material changes:

- (1) Decrease in right-of-use assets: Mainly due to the depreciation of right-of-use assets in 2022.
- (2) Decrease in non-current liabilities: Mainly due to the payment of rent for the office and offset of lease liabilities in 2022
- (3) Decrease in other equity: Mainly due to the adjustment in the appraisal of financial assets at fair value through other comprehensive income in 2022
- (4) Increase in non-controlling interest: Mainly due to the investment and establishment of 80%-owned subsidiary, Epoch International Co., Ltd. in 2022, resulting in an increase in non-controlling interest.

II. Impact of material changes and future response plans:

There are currently no material discrepancies in the Company's overall performance and no response plan is required.

II. Financial Performance:

(I) Comparative analysis of operational performance:

Item \ Year	2022	2021	Increase(decrease)amount	Percentage of change
Operating revenue	3,954,516	5,124,284	(1,169,768)	(22.83%)
Operating costs	(3,169,639)	(3,762,094)	(592,455)	(15.75%)
Operating profit	784,877	1,362,190	(577,313)	(42.38%)
Operating expenses	(505,660)	(421,957)	83,703	19.84%
Operating profit	279,217	940,233	(661,016)	(70.30%)
Non-operating income and expenses	274,182	225,397	48,785	21.64%
Pre-tax profit	553,399	1,165,630	(612,231)	(52.52%)
Income tax expenses	(67,481)	(183,493)	(116,012)	(63.22%)
Net profit of the term	485,918	982,137	(496,219)	(50.52%)
Other comprehensive income(net)	(205,753)	(249,417)	(43,664)	(17.51%)
Total comprehensive income	280,165	732,720	(452,555)	(61.76%)

The main reasons and impact of changes that exceed 20% between periods and a value of NT\$10 million are analyzed as follows:

(1) Decrease in operating revenue, operating costs, and gross profit:

In 2022, the Company recognized income totaling NT\$3,954,516 thousand from the completion and transfer of "Phase 1 of Good morning, Kuo Yang", "Kuo Yan" and "The Green Place", and income from "Smile Era" by the subsidiary Shen Yang.

In 2021, the Company recognized income totaling NT\$5,124,284 thousand from the completion and transfer of "Kuo Yang Silicon Valley", "Kanazawa Area of The Green Place", and "Phase 1 of Good morning, Kuo Yang", and the sales of remaining units of "Kuo Yan" and "The Green Place", and income from "Smile Era" by the subsidiary Shen Yang.

As the operating revenue in 2022 decreased from the same period in the previous year, the operating costs and gross profit also decreased.

(2) Increase in non-operating income and expenses: Mainly due to increased dividend income in 2022, as well as the subsidiary - Shen Yang Construction having reversed and reclassified the overestimated management fees as miscellaneous income in its Smile Era project.

(3) Decrease in income tax expenses: Mainly due to the profit of the term in 2022 being lower than the same period last year; therefore, the income tax expenses have also been decreased accordingly.

(II) Expected sales and its basis, and the possible impact on the Company's future financial operations and response plans:

The Company estimated the revenue and profitability targets for 2023 based on the development schedule, sales, project progress, and operation assumptions for the current projects of the companies of the Group. Based on the estimates, the revenue from the construction of Phase 1 of sales of remaining units (The Green Place, Kuo Yan, and Smile Era) will be the main source of revenue in 2023.

III. Cash flow:

(I) Liquidity analysis of the most recent two years: Unit: NT\$1,000

Item	Year		Change(%)
	December 31, 2022	December 31, 2021	
Cash flow ratio	-	7.20%	(100.00%)
Cash flow adequacy ratio	187.26%	222.15%	(15.71%)
Cash reinvestment ratio	-	-	-
Explanation of ratio variations: The net cash inflow from operating activities in 2022 was zero. Therefore, the cash flow ratio and cash reinvestment ratio were also relatively low.			

(II) Improvement plan for insufficient liquidity: There were no instances of insufficient liquidity.

(III) Cash flow analysis for the following year: Not applicable.

IV. Effect of major capital spending on financial position and business operation in the most recent year

(I) Review and analysis of the use and source of funds of major capital expenditures:

1. Use and source of funds of major capital expenditures:

The Company's main businesses are the construction and the lease and sales of residential buildings, industrial plants, and commercial buildings. This item is therefore not applicable.

2. Expected benefits

(1) Expected production and sales volume, value, and gross profit: Not applicable

(2) Explanation of other benefits: Not applicable

V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the following year:

Unit: NT\$1,000

Investee company	Accounting procedures	Cost of investment	Book value	Return on investments in 2022		Policy	Main reason for profit or loss	Improvement plan	Other future investment plans
				Income on investment	Stock dividends				
Shadwell Ltd.	Equity method	4,742	2,389	(60)	-	Investment in real estate property	-	-	-
Shang Yang International Asset Management Co., Ltd.	Equity method	631,098	647,160	(490)	-	Residence and buildings lease construction and development	-	-	-
Shen Yang Construction Co., Ltd.	Equity method	1,600,000	1,614,543	235,185	-	Real estate investment, development, and rental and leasing	Profits from the sales of remaining units	-	-
Star Epoch International Co., Ltd.	Equity method	240,000	240,098	98	-	Residence and buildings lease construction and development	Interest income		
Hanshin Shopping Plaza Co., Ltd.	Equity method	480,000	940,755	194,785	100,050	Department store and retail	Department store main business operating profit	-	-
Sweet Me Hot Spring Resort Co., Ltd.	Equity method	22,000	11,212	(563)	-	General hotel industry and restaurant management	-	-	-
Chi Yang Construction Co., Ltd.	Equity method	31,500	34,438	(14)	26,572	Residence and buildings lease construction and development	-	-	-
Che Yang Agricultural Technology Co., Ltd.	Equity method	2,500	1,207	(255)	-	Horticulture services and afforestation	-	-	-
Chi Yang Construction Co., Ltd.	Equity method	176,000	175,496	(153)	-	Residence and buildings lease construction and development	-	-	-

Century Rainbow Ltd.	Equity method	114,456	763	25	-	Investment company	Income on investment	-	-
Celestial Talent Ltd.	Equity method	83,746	(102)	-	-	Investment company	-	-	-
Charm Merit Ltd.	Equity method	30,710	943	25	-	Investment company	Income on investment	-	-
Good Fame Ltd.	Equity method	30,710	1,018	11	-	Investment company	Income on investment	-	-
Culivate Wealth.Ltd.	Fair value method	60,535	-	-	-	Investment company	-	-	-
Tai Ho Construction Co., Ltd.	Fair value method	4,000	-	-	-	Establishment of a strategic alliance	-	-	-
United Real Estate Management Co., Ltd.	Fair value method	7,834	20,404	-	1,495	Establishment of a strategic alliance	-	-	-
Hanshin Asset Management Co., Ltd.	Fair value method	109,442	148,295	-	4,960	Establishment of a strategic alliance	-	-	-
Grand Hi-Lai Hotel Co., Ltd.	Fair value method	140,548	147,959	-	-	Establishment of a strategic alliance	-	-	-
Han Chi Technology Co., Ltd.	Fair value method	9,000	6,300	-	-	Establishment of a strategic alliance	-	-	-
Kaohsiung Arena Development Corporation	Fair value method	125,000	156,126	-	5,000	Public works construction and investment and real estate rental and leasing	-	-	-
SE Security Corp.	Fair value method	14,580	25,882	-	1,801	Establishment of a strategic alliance	-	-	-

Source: The Company's 2022 audited financial statements.

VI. Risk matters required for analysis in the most recent year and up to the publication date of the Annual Report:

(I) Impact of changes in interest rate, exchange rate, and inflation on the Company's profits and losses and future response measures:

1. Impact of changes in interest rate on the Company's profits and losses and future response measures:

Unit: NT\$1,000

Item/Year	2022	2021
Short-term borrowings	5,993,189	5,809,753
Interest expenses(1)	30,519	46,674
Net operating profit(2)	279,217	940,233
Percentage(1)/(2)	10.93%	4.96%

Source: Consolidated financial report audited and certified by the CPA

The Company's main source of the net operating profit in 2022 was the revenue recognized for the sales of remaining units. Interest expenses accounted for 10.93% of the net operating profit.

The main source of the net operating profit in 2021 was the revenue recognized for the sales of remaining units and transfer of completed construction projects. Interest expenses accounted for 4.96% of the net operating profit.

In 2022, the Central Bank increased interest rate range for four times, and cumulative rate hike has been 0.625%. The Company's short-term borrowings interest rate range in 2022 was between 2.29% to 2.89%. The Company shall pay close attention to changes in interest rates, maintain close communication with banks, and use financing tools available in the capital market to reduce the cost of funding and reliance on banks.

2. Impact of changes in exchange rate on the Company's profits and losses and future response measures:

The main business activities of the Group are in Taiwan, and the main currency is the NTD. The impact of exchange rate fluctuations is minimal and we therefore expect no significant exchange rate risks.

3. Impact of inflation on the Company's profits and losses and future response measures:

According to the statistics of the Directorate-General of Budget, Accounting, and Statistics of the Executive Yuan, the annual growth rate of the Consumer Price Index was 2.95% in 2022. As Taiwan's government closely monitors changes in consumer prices and implements response policies, and the real estate market has a relatively high resistance to inflation, there has been no significant impact of inflation on the Company.

(II) Policies of engaging in high-risk, high-leverage investments, loans

to others, providing endorsements/guarantees and derivatives transactions, main reasons for the profits and losses generated thereby and future response measures:

1. Policies of engaging in high-risk and high-leverage investments, main reasons for the profits and losses generated thereby and future response measures:

The Company focuses on its core businesses and does not engage in any high-risk or high-leverage investments.

2. Policies of engaging in loans to others, providing endorsements/guarantees and derivatives transactions, main reasons for the profits and losses generated thereby and future response measures:

The Company does not engage in derivatives transactions and all loans to others, endorsements, and guarantees are implemented in accordance with the Company's "Endorsements and Guarantees".

(III) Future R&D projects and estimated R&D expenditures:

The Company engages in the construction of real estate businesses and currently does not have individual R&D departments or R&D expenditures (expenditures are listed under the development departments and construction departments).

(IV) Impact of changes in important domestic and foreign policies and regulations on the Company's finance and business, and response measures:

The Company closely monitors domestic and international political and economic developments as well as changes in regulations, and maintains adequate response capabilities. As of the most recent year and the publication date of the 2021 Annual Report for the shareholders' meeting, domestic and foreign policies and regulations have had no significant impact on Company's finance and business.

(V) Impact of recent technological and market changes on the Company's finance and business, and response measures:

1. The Company operates in the construction industry. Confronted with factors unfavorable to the developing of the housing market, including changes in the economy, the government's "Healthy Housing Market" policy, interest hikes, the Central Bank's credit control policy, the passing of the third reading of The Equalization of Land Rights Act, in terms of land developments going forward, the residential projects will be mostly focused on urban renewals and joint development projects.
2. In response to the return of overseas Taiwanese enterprises in recent years, the Company has shifted our focus toward the demand for technology-oriented factory buildings in order to enhance our competitiveness and

profitability.

(VI) Impact of changes in corporate image on corporate risk management and response measures:

Integrity is critical for maintaining the corporate image. Although the Company previously suffered a financial crisis which damaged its image, the Company upheld the basic principles of integrity and implemented improvements which have significantly improved its image. The Company had previously received the Golden Stone and First Platinum Award for Outstanding Brand Enterprise and the Urban Renewal Construction Excellence Award for Kuo Yang Tianmu.

In 2022, we were honored with the Gold Award in Best Planning and Design for Residential Building Category of the FIABCI-Taiwan Real Estate Excellence Awards for our "Zhongxiao Courtyard" project. We also received a Silver Medal in Sustainability Reporting Award from the Taiwan Corporate Sustainability Awards (TCSA). These are both highly coveted prizes.

The Company actively sells remaining units and launches construction projects in popular areas. We will continue to focus on our main business to protect the rights and interests of shareholders.

(VII) Expected benefits and possible risks of mergers and acquisitions and response measures: Not applicable

(VIII) Expected benefits and potential risks of capacity expansion and response measures: Not applicable

(IX) Risks associated with over-concentration in purchase or sale and response measures:

1. Procurements

The Company's main procurements consist of the acquisition of land for construction and subcontracting of construction. The acquisition of land for construction is based on the Company's project launch strategy and we select land with development value. As for subcontracting, the Company carefully selects and evaluates contractors and all major construction projects are given to construction companies with Grade A Construction Engineering License with whom we have long-term partnerships. Therefore, the Company does not face risks in concentrated procurements.

2. Sales

Customers who buy houses from the Company are general consumers. The Company therefore does not face risks in concentrated sales.

(X) Impacts and risks arising from major exchange or transfer of shares by directors or shareholders with over 10% of shares in the

Company: Not applicable

(XI) Impacts and risks arising from changes in management rights of the Company and response measures: There has been no change in management rights of the Company.

(XII) Litigation or non-litigation events: None

(XIII) Other significant risks and response measures: None

VII. Other important matters:

- (I) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Han Lin Development Co., Ltd., Grand Hi-Lai Hotel Co., Ltd., and Hanshin Shopping Plaza Co., Ltd. for 29 plots of land including Plot 895 on Jiangbei Section in Xizhi District, New Taipei City with a total area of 5,551.35 pings on Monday, July 4, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 20% for Wei Li International Development Co., Ltd., 10% for Han Lin Development Co., Ltd., 10% for Grand Hi-Lai Hotel Co., Ltd., and 10% for Hanshin Department Store.
- (II) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Goldshare Investment Corporation, Hanshin Asset Management Co., Ltd., Hanshin Shopping Plaza Co., Ltd., Hsueh-Yong Ltd., and Heng-Rui Development Co., Ltd. for 3 plots of land including Plot 194, 196, and 197 on Longzhong Section, Gushan District, Kaohsiung City with a total area of 4,905.25 pings on Monday, March 21, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 5% for Goldshare Investment Corporation, 10% for Hanshin Asset Management Co., Ltd., 10% for Hanshin Shopping Plaza Co., Ltd., 5% for Hsueh-Yong Ltd., and 5% for Heng-Rui Development Co., Ltd.
- (III) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 9 plots of land including Plot 28 on Zhongxing Section, Sanchong District, New Taipei City with a total area of 1,828.28 pings on July 15, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 15% for Chuwa Wool Industry Co., (Taiwan) Ltd., 10% for Hanshin Asset Management Co., Ltd., and 15% for Grand Hi-Lai Hotel Co., Ltd.
- (IV) The Company signed a joint investment and development contract with Wei Li

International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 4 plots of land including plot 83-1 on Jiuzhong Section, Neihu District, Taipei City with a total area of 2,127.33 pings on November 23, 2020. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies

- (V) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Ascent Development Co., Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 19 plots of land including Plot 365 on Zhongyi Section, Tucheng District, New Taipei City with a total area of 5,344.27 pings on January 28, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies. "Grand Hi-Lai Hotel Co., Ltd." later withdrew from the project on June 29, 2021. The shares it previously held were transferred to Hanshin Asset Management Co., Ltd. The investment ratio change became effective on July 1, 2021.
- (VI) The Company signed a joint investment and development agreement with "Wei Li" land including plot 24 on Heguan Section, Annan District, Tainan City with a total area of 77,479.53 square meters on June 29, 2012 for joint construction of residential buildings. The parties later signed a letter of appointment for operating management which appointed the Company to take charge of overall development plans, building planning, and construction and sales of residential buildings. "Wei Li" represented the Project externally and executed the Project based on the contract signed with Taiwan Sugar Corporation. Wei Li became the main operator of the Project as well as the company responsible for selling the houses and land (the company issuing the sales invoice) and the company responsible for purchases products or services (the company with input documentary evidence). It is also responsible for the settlement of the project. The parties later signed the "Joint Development Supplementary Agreement" on March 15, 2016 for changing the investment ratio and settlement distribution to 60%, 6%, 1.5%, 4%, 13.5%, 10%, and 5%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", "Crowell Development", and "Han Lin Development". "Crowell Development" later withdrew from the project on July 15, 2019. "Wei Li" and the co-founders signed the "Joint Development Supplementary Agreement" for changing the investment ratio and settlement distribution to 65%, 6%, 1.5%, 4%, 13.5%, and 10%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", and "Han Lin Development".
- (VII) The Company signed a joint investment and development contract with Chi Hsuan

Development Co., Ltd., and Tsang Shan Development Co., Ltd. for 14 plots of land including Plot 1381-21 in Zhongzheng District, Keelung City with a total area of 12,520.95 pings, and 1 building No. 7256 in Tiaohe Section, Zhongzheng District, Keelung City with an area of 26.77 pings. According to the contract, the Company serves as the manager of the Project. The investment ratio is 55% for the Company, 30% for Chi Hsuan Development Co., Ltd., and 15% for Tsang Shan Development Co., Ltd.

- (VIII) The Company's subsidiary Shen Yang Construction Co., Ltd. signed a joint investment and development contract with Wei Li International Development Co., Ltd., Han Lin Development Co., Ltd., and Ascent Development Co. Ltd., for 20 plots of land including Plot 258 on Zhongyuan Section in Zhonghe District, New Taipei City with a total area of 2,259.85 pings on Thursday, August 11, 2022. According to the contract, the Company serves as the manager of the Project. The investment ratio is 40% for Shen Yang Construction, 10% for Wei Li International Development Co., Ltd., 10% for Han Lin Development Co., Ltd., and 10% for Ascent Development Co., Ltd.

Chapter 8 Special Disclosures

I. Information on Affiliates

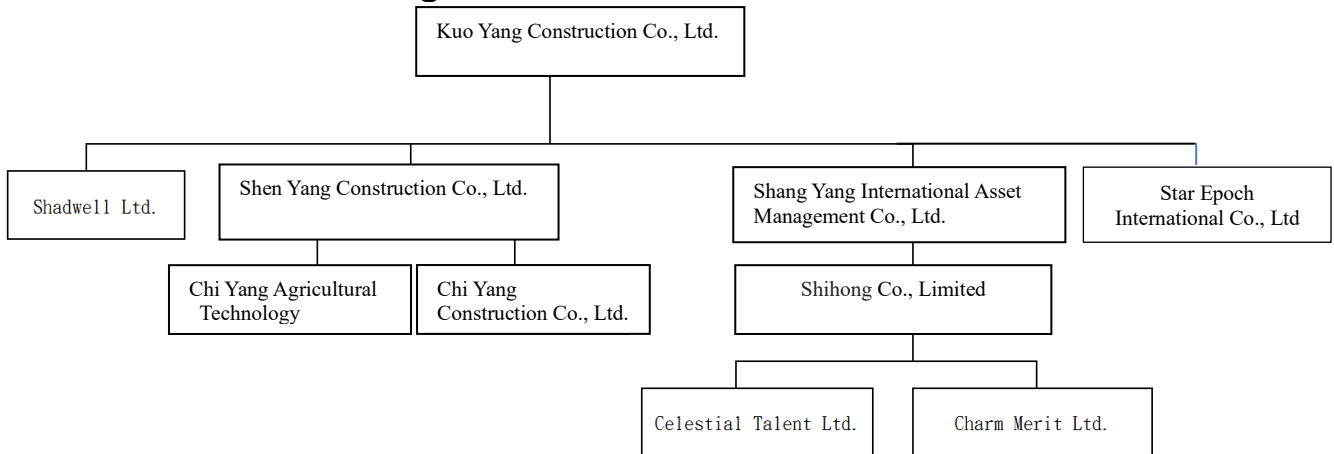
(I) Consolidated Affiliate Business Report

1. Overview of affiliates

(1) Organization chart of affiliates

Kuo Yang Construction Co., Ltd.

Organization chart of affiliates



(2) Basic information of affiliates

Basic information of affiliates

Unit: NT\$1,000

Company name	Date of establishment	Address	Paid-in capital	Main business or products
Shadwell Ltd.	1992.01.10	British Virgin Islands	4,742 (USD200,000)	Investment in real estate property
Shang Yang International Asset Management Co., Ltd.	2003.01.10	18F, No. 555-1, Section 4, Zhongxiao East Road, Xinyi District Taipei City	618,000	Residence and buildings lease construction and development
Shen Yang Construction Co., Ltd.	2013.11.21	18F, No. 557, Section 4, Zhongxiao East Road, Xinyi District Taipei City	1,600,000	Real estate investment, development, and rental and leasing
Star Epoch International Co., Ltd.	111.04.19	15F, No. 10, Siwei 4th Rd., Lingya Dist., Kaohsiung City	300,000	Residence and buildings lease construction and development
Che Yang Agricultural Technology Co., Ltd.	2014.05.09	18F, No. 557-1, Section 4, Zhongxiao East Road, Xinyi District Taipei City	2,500	Horticulture services and afforestation
Chi Yang Construction Co., Ltd.	2019.09.23	18F, No. 557, Section 4, Zhongxiao East Road, Xinyi District Taipei City	220,000	Residence and buildings lease construction and development
Century Rainbow Ltd.	2013.06.03	Seychelles	83,474 (USD2,718,138)	Investment company
Celestial Talent Ltd.	2013.06.17	Seychelles	61,077 (USD1,988,828)	Investment company
Charm Merit Ltd.	2013.06.18	Hong Kong	30,710 (USD1,000,000)	Investment company
Good Fame Ltd.	2011.03.15	Samoa	4,742 (USD200,000)	Investment company

Note: The USD-NTD exchange rate on December 31, 2022 was approximately 1:30.71.

(3) Information on shareholders deemed to have control and subordinate relationship:
None.

(4) Businesses covered by the affiliates' overall operations

Businesses operated by the Company and its affiliated companies include:
Construction, horticulture services, afforestation, and investment.

(5) Information on directors, supervisors, and presidents of affiliates

Information on directors, supervisors, and presidents of affiliates

Unit: shares,%

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Shadwell Ltd.	Director	Kuo Yang Construction Co., Ltd.-Tzu-Kuan Lin	200,000	100.00%
Shang Yang International Asset Management Co., Ltd.	Director Supervisor	Kuo Yang Construction Co., Ltd.-Tzu-Kuan Lin, Shao-Ling Peng, Cheng-Hsiung Hsieh Kuo Yang Construction Co., Ltd.-Cheng-I Wang	61,800,000	100.00%
Shen Yang Construction Co., Ltd.	Director Supervisor	Kuo Yang Construction Co., Ltd.-Tzu-Kuan Lin, Shao-Ling Peng, Cheng-Hsiung Hsieh Kuo Yang Construction Co., Ltd.-Cheng-I Wang	160,000,000	100.00%
Star Epoch International Co., Ltd.	Director Supervisor	Kuo Yang Construction Co., Ltd.-Tzu-Kuan Lin, Shao-Ling Peng, Chia-Chi Hou, Yi-Wen Chen Taiwan Life Insurance Co., Ltd. - Yu-Chi Huang Chu-Feng Yang, Kun-Tai Huang	24,000,000	80%
Che Yang Agricultural Technology Co., Ltd.	Director Supervisor	Shen Yang Construction Co., Ltd.-Tzu-Kuan Lin, Shao-Ling Peng, Cheng-Hsiung Hsieh Shen Yang Construction Co., Ltd.-Cheng-I Wang	250,000	100.00%
Chi Yang Construction Co., Ltd.	Director Supervisor	Shen Yang Construction Co., Ltd.-Tzu-Kuan Lin, Shao-Ling Peng, Cheng-Hsiung Hsieh, Chia-Chi Hou Tsungh Hang Construction Co., Ltd.-Jui-Chang Huang Cheng-I Wang	17,600,000	80%
Century Rainbow Ltd.	Director	Kuo Yang Construction Co., Ltd.-Shao-Ling Peng	2,718,138	100.00%
Celestial Talent Ltd.	Director	Kuo Yang Construction Co., Ltd.-Shao-Ling Peng	1,988,828	100.00%
Charm Merit Ltd.	Director	Kuo Yang Construction Co., Ltd.-Shao-Ling Peng	1,000,000	100.00%
Good Fame Ltd.	Director	Kuo Yang Construction Co., Ltd.-Shao-Ling Peng	200,000	100.00%

2. Status of operations of affiliates

Status of operations of affiliates

Unit: NT\$1,000

Company name	Paid-in capital	Total value of assets	Total liabilities	Net worth	Operating revenue	Operating profit and loss	Current profit and loss(after tax)
Shadwell Ltd.	4,742	2,342	31	2,311	-	(61)	(61)
Shang Yang International Asset Management Co., Ltd.	618,000	647,999	839	647,160	-	(7,124)	(490)
Shen Yang Construction Co., Ltd.	1,600,000	2,590,408	971,448	1,618,960	854,276	161,173	213,755
Star Epoch International Co., Ltd.	300,000	300,300	160	300,140	-	(302)	140
Che Yang Agricultural Technology Co., Ltd.	2,500	1,244	37	1,207	-	(256)	(255)
Chi Yang Construction Co., Ltd.	220,000	331,008	111,638	219,370	-	(224)	(191)
Century Rainbow Ltd.	83,474	1,092	354	738	-	-	25
Celestial Talent Ltd.	61,077	314	415	(101)	-	-	-
Charm Merit Ltd.	30,710	1,333	390	943	-	-	25

Note: The data from foreign companies have been converted to NTD based on the exchange rate on the report date.

(II) Consolidated financial statement of affiliates: Not applicable

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Kuo Yang Construction Co., Ltd.

Consolidated Financial Statement of Affiliates

Companies what should be included in the consolidated financial statement of affiliates as provided in "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliates" are all the same as what should be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards (IFRS) 10 in 2022 (from January 1, 2022 to December 31, 2022) and the relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. The Company shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declared by

Company Name: Kuo Yang Construction
Co., Ltd.

Legal Representative: Tzu-Kuan Lin

March 14, 2023

(III) Affiliation Report: None

II. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the Annual Report: None

III. Status of company shareholding or handling by a subsidiary company for the recent year up to the publication date of the Annual Report: None

IV. Other necessary supplemental information: None

Chapter 9 Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 2, Subparagraph 2 of Securities and Exchange Act in the past year and up to the date of report: None